

1. Critically comment on the functioning of the existing TPDS mechanism and the role played by the centre and states. Also discuss challenges in the effective implementation of TPDS and alternatives to reform the existing machinery. (250 Words)

Answer:

Background:-

- India is the fastest growing large economy in the world today. Despite this, one in every five Indians is poor. The “Global Nutrition Report 2016” once again demonstrates India’s slow overall progress in addressing chronic malnutrition. So TPDS can be one of the avenues to ensure food and nutrition to the poor.

Merits:-

- **Identification of eligible households under existing TPDS**
 - The government launched TPDS in order to target food grains entitlements to poor households. Therefore, identification and classification of beneficiaries is crucial to fulfil the goals of the scheme.
- **Role of Aadhaar**
 - Aadhaar number is being used to accurately identify and authenticate beneficiaries entitled to receive subsidies under TPDS and other government schemes.
 - Using Aadhaar would help eliminate duplicate and fake beneficiaries, and make identification for entitlements more effective.
- **Diversification of commodities under PDS:**
 - The list of items which are distributed under PDS system have been extended to meet the day-to-day requirements of the ordinary man.
- **Increased transparency:**
 - Records are now available on the web portal of this scheme and hence, the transparency involved in this system has increased.
 - Technology based reforms to TPDS like digitisation of ration cards, Use of GPS technology, Issue of smart cards in place of ration cards, SMS based monitoring Use of web-based citizens portal have already been undertaken by some states.

Role of centre and states:

- **Entitlements under TPDS**
 - Eligible beneficiaries are entitled to subsidised food grains such as wheat and rice. States have the discretion to provide other commodities such as sugar, kerosene, and fortified atta under TPDS.
 - The government does not identify APL households therefore, any household above the poverty line is eligible to apply for a ration card.
 - The centre allocates food grains to states for APL families in addition to BPL families; however, this allocation is based on availability of food grains in the central stocks and the average quantity of food grains bought by states from the centre over the last three years.
- **Management of food grains for TPDS**
 - The central and state governments share responsibilities in order to provide food grains to the identified beneficiaries.

- The centre procures food grains from farmers at a minimum support price (MSP) and sells it to states at central issue prices. It is responsible for transporting the grains to godowns in each state. It also allocates the grains to each state on the basis of a formula.
- States bear the responsibility of transporting food grains from these godowns to each fair price shop (ration shop), where the beneficiary buys the food grains at the lower central issue price. Many states further subsidise the price of food grains before selling it to beneficiaries.
- The Food Corporation of India (FCI) is the nodal agency at the centre that is responsible for transporting food grains to the state godowns.
- **Procurement of food grains from farmers**
- The food grains provided to beneficiaries under TPDS are procured from farmers at MSP. The MSP is the price at which the FCI purchases the crop directly from farmers; typically the MSP is higher than the market price. This is intended to provide price support to farmers and incentivise production.
- Decentralised procurement:
 - Decentralised procurement is a central scheme under which states/Union Territories (UTs) procure food grains for the central pool at MSP on behalf of FCI.
 - The scheme was launched to encourage local procurement of food grains and minimise expenditure incurred when transporting grains from surplus to deficit states over long distances. These states directly store and distribute the grains to beneficiaries in the state.
- The centre procures and stores food grains to:
 - Meet the prescribed minimum buffer stock norms for food security
 - Release food grains under TPDS on a monthly basis
 - Meet emergency situations arising out of unexpected crop failures, natural disasters, etc.,
 - Sell through the Open Market Sale Scheme (OMSS)
 - The central government introduced the Open Market Sale Scheme (OMSS) in 1993, to sell food grains in the open market; this was intended to augment the supply of grains to moderate or stabilise open market prices.
- **Storage of food grains**
- Apart from the food grains requirement for immediate distribution under TPDS, the central government maintains minimum buffer reserves of food stocks for emergencies.
- **Distribution of food grains to beneficiaries**
- The responsibility of distributing food grains is shared between the centre and states.
- The centre, specifically FCI, is responsible for the inter-state transport of food grains from procuring to consuming states, as well as delivering grains to the state godowns.
- Once FCI transports grains to the state depots, distribution of food grains to end consumers is the responsibility of state governments.
- On receipt of food grains, states allocate the grains to each district and further to each Fair Price Shop (FPS; ration shop) within the first week of the month.
- State governments are responsible for transporting food grains from the state godowns to the doorstep of each FPS in the state.

Challenges and issues:

There are several issues to consider while analysing the implementation of TPDS, which relate to the (i) identification of eligible households, (ii) trends in procurement vis-à-vis production of food grains, (iii) storage space for food grains, (iv) food subsidy, and (v) leakage of food grains.

- **Identification of beneficiaries**
 - Like any system of targeting, TPDS also suffers from inclusion and exclusion errors.
 - This implies that entitled beneficiaries are not getting food grains while those that are ineligible are getting undue benefits
- **Trends in procurement vis-à-vis production**
 - In years of drought and domestic shortfall, India will have to resort to large scale imports of rice and wheat, exerting significant upward pressure on prices. This raises questions regarding the government's ability to procure grains without affecting open market prices and adversely impacting the food subsidy bill.
 - **Rising food subsidy**
 - The food subsidy has increased over the years. The cost of handling food grains (MSP and other costs) has increased due to rising costs of production such as labour and energy costs, including fertilisers and increasing costs for handling and distributing food grains.
 - **Shortfall in storage capacity with FCI against the central pool stock**
 - FCI's storage capacity (both owned and hired) has not increased commensurate to the growth in procurement. This implies that a certain amount of grains is being stored in unscientific storage, leading to the rotting of food grains.
 - The holding of stocks above the minimum buffer norms also adversely impacts prices of grains in the open market. This affects poor households, which buy the remaining requirement of food grains from the open market.
 - Food grain supplied by ration shops are either not enough to meet demand or are of inferior quality
 - **Aadhar enabled PDS issues:**
 - Even in state capitals, network failures and other glitches routinely disable this sort of technology.
 - Internet dependence is needed but still internet services are not available in rural areas.
 - Many people had been deprived of rations because they don't have an Aadhar number.
 - **Leakage of food grains**
 - TPDS suffers from large leakages of food grains during transportation to and from ration shops into the open market.
 - **Cost:**
 - PDS is not cost effective, its operations are too costly and the ratio between procurement and transportation is too high pointing to 'wasteful' movements.
 - **Lack of effective contribution towards household food security.** In fact, it remains one of the weaker components of the food policy trioka of procurement, distribution and stocking.

Reforms needed :-

- **Reforms to TPDS:**
 - Includes doorstep delivery of grains to ration shops, leveraging Aadhaar for targeting of beneficiaries, and maintenance of adequate buffer stocks of food items
- **Universal PDS**
 - Unlike most states in the country, Tamil Nadu retained the Universal PDS, providing subsidised food grains to the entire population. Universal PDS helps the state avoid errors in targeting beneficiaries.

- **Cash Transfers :-**
 - Beneficiaries would be given either cash or coupons by the state government, which they can exchange for food grains. Some potential advantages of these programmes include:
 - Reduced administrative costs
 - Expanded choices for beneficiaries
 - Competitive pricing among grocery stores.
 - It helps reduce fiscal deficit by curbing expenditures earmarked for the PDS as well as avoiding sustainability higher costs of transferring food rather than cash.
 - **Food coupons:-**
 - Beneficiaries would directly be given either cash or coupons which can be exchanged for food grains. Efforts have been made to introduce cash transfers for various schemes with the Unique Identification Number as a way to improve identification and prevent leakage of subsidy.
 - **EPOS (electronic point of sale) devices:-**
 - Automation of fair price shops, through handheld devices or computers
 - **Retail price at FPS should be uniform throughout the state/area** after weight averaging the transport cost for the FPS.
 - **Streamlining of the supply chain** by construction of small intermediary godowns between FCI's base godown and FPS in the interior
 - **Setup vigilance committees of local people** with substantial representation of women for each FPS at the village level and also at higher levels
 - **Reduction in PDS prices**
 - Community management of FPS
 - Setting up proper channels for grievance redressal
 - Raising FPS commissions.
 - Entitlement card's easy availability and improvement in its design and durability
 - Doorstep delivery of PDS commodities

Conclusion:-

Over the years, PDS has become an important part of Government's policy for management of food economy in the country. The Targeted Public Distribution System (TPDS) is an important instrument of policy aimed at reducing poverty through the mechanism of delivering minimum requirements of food grains at highly subsidised prices to the population below the poverty line.

PRACTICE QUESTIONS

Answer the following Questions

1. Addressing the plight of refugees is one of the greatest challenges currently facing the international community. Examine the notable multilateral agreements and unilateral policies previously made in this regard and comment on the need for a global refugee policy.
2. It is argued that more than a manufacturing-centric EV policy, India needs a set of ecosystem-level EV policies. What do you understand by this? In the light of present EV policy that's being mooted by the government, discuss the statement.