

PDS = Public Distribution System

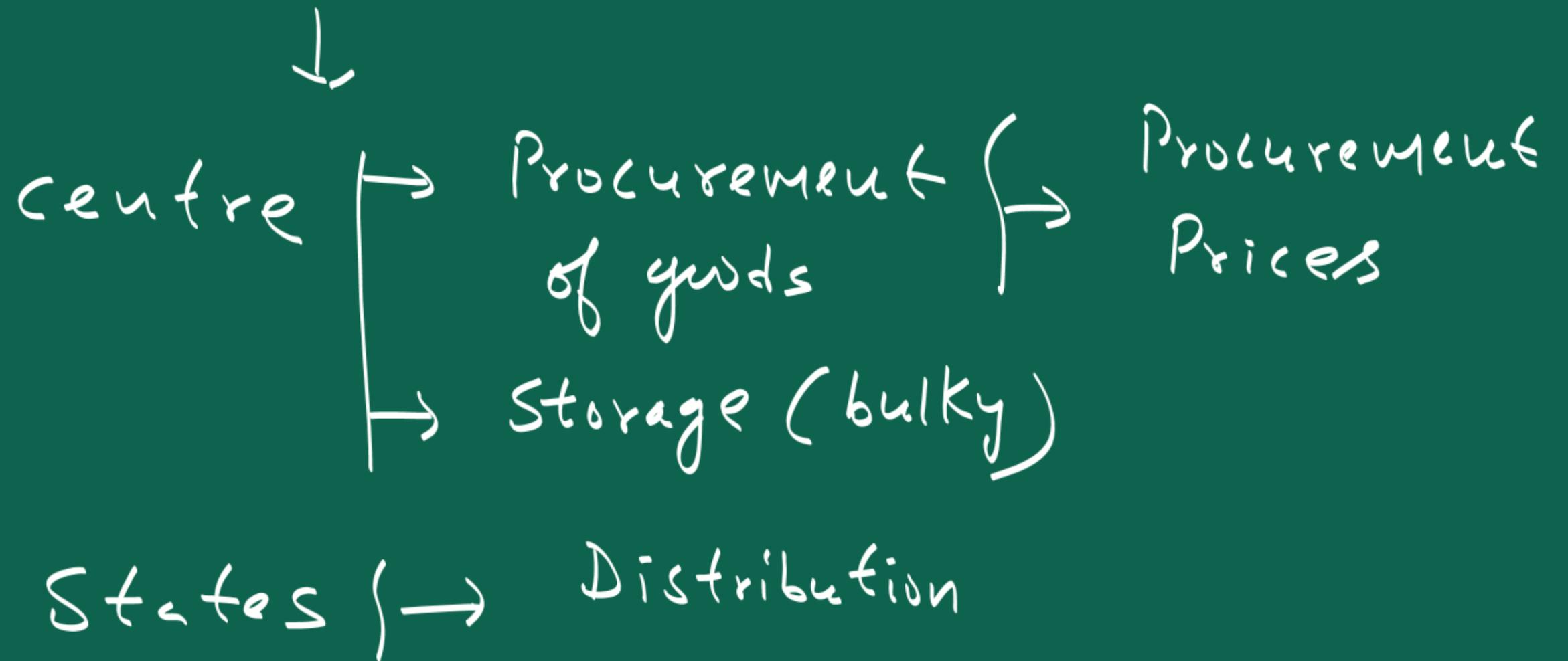
Intro. -

Main instrument to ensure availability of essential goods to the public at cheaper prices.

↓
foodgrains
↓
food-security

∫

↳ jointly run by the Centre & the States



Weaknesses of the PDS in India

↓ Limited benefits

↓
Poors

Research - They are able to cover only 25% of their needs from the PDS.

2. Exclusion errors etc



more use by high income people of the PDS.



Regressiveness in PDS.

↓ against social justice

3. Inferior quality
of goods.

↓
people become less
interested.

↓
the level of offtake

Note -

Reasons -

(i) Non/less observance
of FAQ standards.

↳ Fair Average Quality

(ii) Inefficient storage

4. Large scale leakage (Around 46%.)



PDS goods



Open Market



According to
a study

S. High administrative
cost.



₹ 3.65 for

an item of the worth of
Rupee one.

How to make India's PDS more effective & transparent?

1. Implementation of BAPU in such a manner that poor are not excluded from the PDS

↓
BAPU = Biometrically
Authenticated
Physical Uptake

↓
Mismatch of finger prints
↓
labour class

Point of Sale → POS Machines

Telecom Signals

↓
Inadequate

→ Rural & remote areas

Development AS

Freedom

Prof. Amartya Sen

Jean Drez

↓
The BAPU can remove corruption
at the level of beneficiaries but
it can not remove the corruption regarding
quantities.

2. The end to end computerisation.



More transparency

Fair Price
Shop

3. The FPS dealers should maintain a weekly statement regarding the distribution & stocks of essential goods.

This statement must be uploaded on the website of the concerned deptt.

4. Deprivatisation of FPS

↓
Ownership to the Social Sector

- NGOs
- NPOs
- NPCs
- Cooperative Society
- Vanvasi Commi.

5. Non-PDS Commodities may be allowed to be sold through FPS.
6. People may be given PDS goods on the basis of instalments.
7. The commission of FPS dealers may be increased.

8. The number of FPS may be increased.

Apart from the above, they should be opened for 7 days a week.

9. Cash transfer may be introduced.

10. Better implementation of One Nation - One Ration Card.

Chhattisgarh Model of PDS

1. Deprivatisation of FPS.
2. Door-step delivery of goods.
3. The use of GPS in PDS trucks and painting of yellow colour on them.
4. Implementation of CORE-PDS in cities like Raipur, Durg etc.
↓
CORE = Centralised Online Realtime Electronics
5. The commission of FPS owners increased.
6. The SMS alert system. etc.

Cash Transfer & PDS Reforms

Intro -

The Shanta Kumar Comm. said that the introduction of cash transfer can save ₹ 30,000 crore every year.

Probable benefits

- (i) Subsidy burden ↓
- (ii) problem of leakage ↓
- (iii) Food choice of the people ↑

Muralidharan -

'Cash transfer is faster, more predictable & less corrupt.'

Risk Factors

(i) People may misuse cash for other items.

(ii) Inflation reduces the purchasing power of cash.

↓
Indexation

(iii) Not suitable for hilly,
desert areas etc.

↓
Items can be provided
physically in these areas.

What should be done?

It can be introduced
in phased manner.

Firstly in food-surplus
states.

Then, in food deficit states.

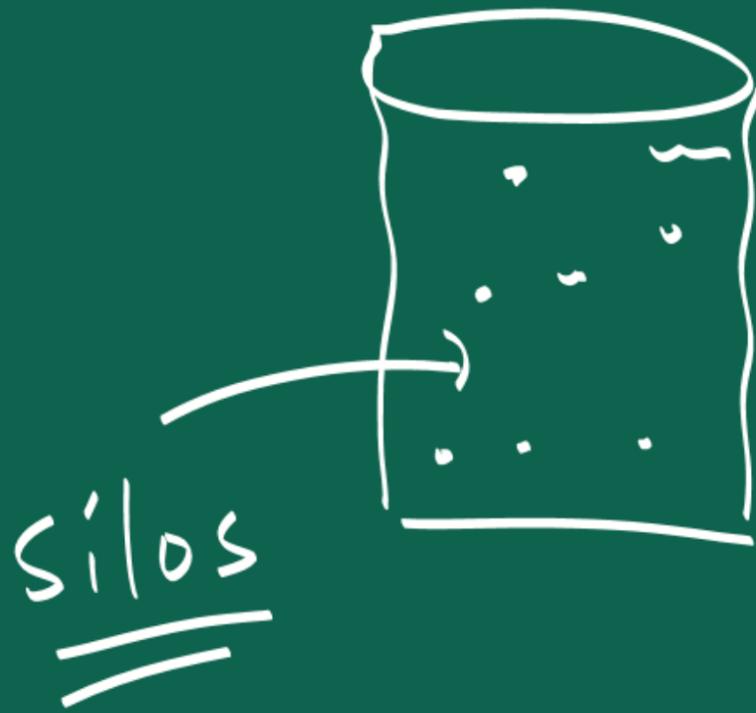
↓
Food grid

between surplus
& deficit states.

Finally,

People can be given
a choice regarding cash
& kind.

One Nation One Ration Card



CAP
↓
Cover &
Plinth

Price determination



centre



CIPs

(central Issue Prices)