



## International Journal of Financial Management and Economics

P-ISSN: 2617-9210  
E-ISSN: 2617-9229  
IJFME 2019; 2(1): 40-43  
Received: 18-11-2018  
Accepted: 20-12-2018

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### An analysis of public distribution system in food security in Karnataka

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#### Abstract

There is a provision of awareness committee in the PDS control order and the PDS control categorize and the system of the state of Karnataka. Administration claims that vigilance committees have been constituted for all FPSs to over-see the performance of PDS. The said committee sits on every first and third Saturdays of the month to review all issues linking to the food security especially PDS.

**Keywords:** PDS in Karnataka, wholesale distribution, BPL beneficiaries, types of ration cards

#### Introduction

This chapter deals with to the point history of public distribution system in the state of Karnataka. The state of Karnataka is the 6th largest state in India, 62% of income of the state is derived from Agriculture. Karnataka is the 9th largest state population-wise and comprises of 30 districts. It was found that the state of Karnataka has tried to execute computerization model on pilot basis in different parts of the state to make PDS effective and transparent. The state also started the unit system instead of family norms for distribution of exact food articles.

#### Public Distribution System in the state of Karnataka

##### APL category

No PDS food grain is given to the APL category in Karnataka. As per the Government policy food grains will be distributed to the APL ration card holders after meeting the requirement of BPL and Extra BPL (EBPL).

##### Extra BPL (EBPL)

EBPL is the category which as per norms laid by the Central Government is APL. However, they have been identified as EBPL by the state and are getting the same benefits as BPL beneficiaries. At present there are 78.37 lakh BPL card holders in the State, whereas as per Central Government figures the State of Karnataka should have 31.29 lakh 150 BPL card holders. Therefore, the surplus card holders i.e. 47.08 lakhs fall under the Extra BPL category. In order to meet the needs of the increased number of families under BPL category, the state has introduced this new category namely EBPL and for catering the food grains to this category, the State Govt. has stopped the allocation of the food grains to APL ration card holders. The State utilizes the allocated APL quota to feed EBPL category. The State of Karnataka further buys the food grains from the Central Govt. at APL prices and then sells the same to the EBPL card holders at BPL rates. The entire subsidy in this procedure is borne by the State of Karnataka. It is understood that the Central Government has taken exception to this scheme and in fact threatened to reduce the allocation to the State.

##### Unit System

Instead of the family norms system for distribution of the food grains, Karnataka Govt. has adopted the unit system for distribution of the food grains to the card holder. Member of the family above the age of 10 years is treated as one unit. 4 kg. Of food grains is supplied per person (per unit). Monthly maximum food grains entitled for one family per month is pegged at 25 kg. There is strong demand that this restriction of allocation may be increased to 35 kg. It is as per the directions of the Central Government and also in accordance with the Hon'ble Supreme Court Orders.

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### **Rs.3/kg. Scheme launched by the State Govt**

The State Government launched the scheme that every BPL card holders will be given the rice @ Rs.3/kg. With the introduction of this scheme there is a mad rush for categorization by the people of the State in the BPL category. This is a political decision and must be implemented and monitored properly so that only the needy who are really in the BPL category should get the benefit of 151 the scheme. It must be ensure that the scheme does not become a disincentive for hard work for the population of the State.

### **Computerization**

Government of Karnataka has started an automatic computerized system with biometric ration cards. The data mentioned in the biometric card are photographs of family members with names and other details. However, there is no biometric image in the card as the details are stored in the machine and installed at the FPSs. The success of the system will depend upon the number of factors. However, the system when introduced completely will ensure identification mechanism. Any member of the family can get the food grains as long as his / her biometric impression is stored. This process of biometric cards helps the State Government in identifying the bogus cards and eliminating them. Wholesale Distribution: - In the wholesale distribution of PDS food grains in the State of Karnataka, the following agencies are concerned.

1. Food Corporation of India,
2. Karnataka Food & Civil Supplies Corporation (KFCSC),
3. Talk Agriculture Produce Co-operative Marketing Society (TAPCMS).

The KFCSC transacts 65% of business for lifting food grains from FCI; the rest is being shared by TAPCMS. The whole sale go downs are managed by KFCSC and TAPCMS. There are 267 go downs which are known as wholesale go downs in the entire State of Karnataka out of which 165 wholesale go downs are under the KFCSC and 102 are under the control of TAPCMS. The Committee felt that weigh bridges are neither installed by the KFCSC nor by the cooperatives in the respective go downs. The Committee was informed that in almost all the wholesale go downs when the food grains are brought from FCI go downs, officials in the wholesale go downs only check the number of the bags by counting the number of the bags, as compared the same with the number mentioned behind the weigh - memo issued by the FCI. In case of doubt only, the trucks carrying the food 152 grains are carried to a private weigh bridge to get weighment done. The committee was informed by the officials of the go down that they were not getting samples from the FCI at the time of collecting the food grains for the PDS distribution. The FCI official present with the Committee stated that the FCI issues samples to all the wholesale dealers. However, the go down officials despite repeated requests could not produce any sample to the Committee. The Committee found that the TAPCMS go downs are a principal source of diversion. The Committee recommends.

- a. Intermediary wholesale point, TAPCMS should not be entrusted with the task of storage of food grains
- b. Installing of weigh bridges in the wholesale go downs to ensure the exact quantities of food grains received

from FCI,

- c. Electronic weigh check memos are issued by the FCI.
- d. Strict action may be taken against the defaulters and who are found involved in distraction.

### **Identification of BPL Beneficiaries**

In the State of Karnataka the concept of EBPL has been introduced. It is essential that the income criteria for BPL families adopted may be reviewed as it seems to be unrealistic in its present form. At present the family with the income of less than Rs.17, 000/- in the urban areas and Rs.12, 000/- in the rural areas per annum is the criteria of categorization as BPL family. It is suggested that the minimum wages for the unskilled workman in the urban areas could be the criteria for categorization as the BPL family, whereas the guidelines under the National Rural Employment Act, 2005 for wage rates could be the criteria for identification of BPL families in the Rural Areas. The Committee is also of the view that the APL may be abolished and the allocation meant for APL could be given to the BPL beneficiaries because it is felt that the APL quota is not taken by the beneficiaries of these categories and is a major source of diversion. The State of Karnataka adopted a good approach so far as the APL quota is concerned. However, the Central Govt. has warned the State that it would cut rice supply under APL if the number of BPL beneficiaries 153 is not brought down. Maybe in view of this only that the new category i.e. EBPL has been recognized by the State.

### **Introduction of local Food Grains in PDS**

The issue of introduction of local food gains in PDS was raised in various meetings during the visit of the Committee to the State. In South Karnataka people mainly eat Ragi whereas in North Karnataka Jowar is the staple food. The Central Government may consider this aspect. Foodgrains are procured at the MSP fixed by the government mostly in a small number of grain-surplus states in the north of India, which are then transported across the country to deficit states. MSPs are fixed on rate recommended by Commission of Agriculture Costs and Prices, which are set using mainly cost of cultivation. These grain stocks essentially supply the PDS of the state through the PDS, cereals are made available to BPL households, as well as to above poverty line households at differential prices. There is a third category of beneficiaries antyodaya card holders. Under the antyodaya anna yojana, 35 kg of food grains are being provided to the poorest of the poor families at the highly subsidized rate of Rs.2 per kg.for wheat and Rs.3 per kg for rice. To achieve the cereal price stabilization objective of PDS, food stocks with FCI should be at a reasonable level. In recent years, both procurement and stocks with FCI have tended to fall. If the needs of procurement to maintain adequate stocks require procurement prices to be higher than MSPO a clear mechanism is needed that enables government to undertake commercial purchases at prices similar to those paid by private traders. This could be done if the procurement price was announced at the beginning of the purchase season, along with a procurement target in terms of measure. After the procurement target was met, the bonus would be 154 suspended. However, if procurement quantities even with plus are not met, FCI should be able to tender from both marital as well as international markets, after standard

procurement operations, to make up the arrears to maintain stocks with FCI. The details of the food subsidy in Karnataka are presented in table – 1

**Table 1:** Food Subsidy in Karnataka

Sl. No	Year	Food Subsidy
01	1998-99	5166
02	1999-00	7500
03	2000-01	8700
04	2001-02	9200
05	2002-03	12010
06	2003-04	17494
07	2004-05	24176
08	2005-06	25160
09	2006-07	25746
10	2007-08	23071
11	2008-09	23827
12	2009-10	24926
13	2011-12	25596
14	2012-13	26625

Source: Directorate of Food and Civil Supply, GOK, Bangalore.

Government of Karnataka is giving more subsidies to food for the profit of the poorer sections of the society. Food subsidy is provided in the budget of the Department of food and Public distribution to meet the distinction between the

economic cost of food grains procured by FCI and their sales awareness at CIP for TPDS and other welfare schemes. In addition, the Central Government also procures food grains for meeting the supplies of buffer stock. Hence, part of the food subsidy also goes towards meeting the carrying cost of buffer stock. The food subsidy bill of 155 the government peaked in 2004-05 and declined as stocks declined. However, with higher MSPs affirmed more recently, there is a danger that the subsidy is likely to rise due to increase in MSP announcement of bonus, and moving cost of FCI. The above table gives the figures of food subsidy of the government of Karnataka. One of long footing criticisms of the TPDS has been that off take of PDS muesli (rice and wheat) by states from FCI does not match with NSS estimates of PDS utilization of those same grains. For instance, table – 2 shows that, according to NSS, over 1993-94, 2005-06 and 2008-09, utilization of PDS grains rose. It also shows that off take of PDS grain from FCI by states improved much more than consumption over the same decade. The distinction between the two shows the extent of leakage of PDS wheat and rice. This seepage was 28 percent for wheat and rice together in 1993-94, but it had raised to 54 percent by 2008-09 a very important increase in leakage. These facts clearly show that TPDS is in urgent need of reform.

**Table 2:** PDS implied leakage-off take vs. Consumption

Sl. NO	Particulars	1993-94	2005-06	2008-09
<b>A</b>	<b>NSS PDS Consumption (m. tonnes)</b>			
	Rice	7.20	9.30	9.98
	Wheat	3.44	2.99	3.55
	Total	10.64	12.29	13.53
<b>B</b>	<b>PDS off take (m. tonnes)</b>			
	Rice	8.84	11.35	16.62
	Wheat	5.86	5.76	13.02
	Total	14.70	17.11	29.65
<b>C</b>	<b>Ratio of (a) to (b)</b>			
	Rice	0.81	0.82	0.60
	Wheat	0.59	0.52	0.27
	Total	0.72	0.72	0.46

Source: Directorate of Food and Civil Supply, GOK, Bangalore.

Drives home the point about the poor targeting by TPDS profit. It estimates the benefits in rupees per household of PDS grain beneficiaries. It shows that the profits to the household are reliant upon whether you have a card or not on whether you are poor or non-poor. In fact, it demonstrates that there is very little distinction between the benefits of poor and non-poor households when one compares poor BPL cardholders with non-poor BPL cardholders, or when comparing poor AAY cardholders with non-poor AAY cardholders.

**1. Types of Ration Cards**

The following Types of Ration Cards are issued in the District of Karnataka.

**BPL Cards**

There are about 47.08 ex less BPL cards in the state 160 of Karnataka against the limit fixed by the Central Government, i.e. 31.29 lakhs. Karnataka Government has secret these excess cards under the new category called Extra BPL (EBPL). They are receiving the same benefits as BPL beneficiaries. At present there are 78.37 lakh BPL card

holders in the state.

**2. Anthyodaya Anna Yojana Card**

AAYC is issued to the poorest of the poor family’s income in rural areas and urban slums. The number of cards so issued in the Chikmagalur District is limited to 18672 as prearranged by the Government of Karnataka.

**3. APL cards**

Where are of two types, that is saffron cards and photo cards. They are issued to above scarcity line families (APL). Saffron cards are issued to the rural APL families and photo cards to the urban APL families

**4. Temporary card scheme for BPL**

Under the scheme any person who applies for BPL card in a “Nemmedi” centre will be given a provisional are without verification. The verification is dome afterwards.

**The Karnataka Food and civil supplies corporation limited**

The Karnataka Food and civil provisions corporation is a

government of Karnataka understanding recognized under the companies Act on 7.9.1973 with the primary objective of procurement, lifting and distributing food grains under the public circulation system and also implementing other government schemes.

### **Targeted Public Distribution System in Karnataka**

TPDS is introduced in June 1997 by Government of India under the new TPDS scheme, Government of India has indicated that 33.16% of the state family population as below poverty line families and are allocating food grains. As per the norms of the Government India 23 kgs of rice and 7 kgs of wheat is issued per family per month. The central matter price for Rice is Rs.565.00 Qtl. And wheat at Rs.415.00 per Qtl. The central Government has allowed the state Government to add 50 per Qtl. As incidentals over and above the middle issue price. But the state Government, at present is issuing 20 kgs of rice and 5 kgs if wheat per card per month at Rs.3.000 per kg. The variation in the central issue price and the state issue price is born as Food subsidy by the state Government.

Government of Karnataka views the beleaguered Public Distribution System as an important constituent of the strategy for food security by ensuring minimum supplies of food grains to the population below poverty line. The state Government is implementing the targeted public sharing to the best advantage of the beneficiaries with utmost transparency and efficiency.

The Targeted Public Distribution System functions through a network of fair price depots. Households belonging vulnerable sections of the civilization of and living below the poverty line in the rural areas and in urban slums will be usually treated as BPL families. These families are entitled to get food grains at subsidized prices.

The obligation enshrined here are only in the nature of a promise made by the Government to the users of Public Distribution System. It is the attempt of the Government to identify the genuine BPL families both in the rural and urban slums and present them food grains at subsidized prices under the Targeted Public Distribution System. Transparent process and specific economic criteria would from the base of the classification of the genuine BPL families. Gram sabhas and urban local and urban local bodies would also be actively involved in the classification of BPL families. The list of BPL families so prepared would be made use of for extending benefit under TPDS. The list would be rationalized periodically.

### **Commodities covered in Karnataka PDS**

At present possessions covered under the TPDS are Rice, Wheat, Sugar and Kerosene. Commodities are supplied at the fair price depots shall be as per the norms arranged under the preclusion of food Adulteration Act and Rules made there under. Rice and Wheat are supplied to the BPL families at subsidized prices. After meeting the dedicated entitlement of the BPL cardholders and depending upon the availability of rice and Wheat, the APL cardholders will be sold rice and Wheat the APL cardholders will be sold rice and wheat at the scale and rates fixed from time to time. Only BPL families are entitled to sugar under TPDS. APL families are not permitted to get sugar. Kerosene is issued to the ration cardholders subject to fulfillment of certain restrictions forced by the state Government. Cardholders with LPG Connection are not issued with kerosene.

Kerosene is issued to the cardholders on the basis of their places of dwelling such as rural, urban town and cities and familiar rationing area.

### **Conclusion**

The Public Distribution System is a universal coverage system with special treatment to the poor. Entire all Karnataka population is covered under the PDS. It is a significant consistent of the approach for poverty net for the poor whose number is more than 330 million and are nutritionally at risk. Some sections are provided with particular treatment in terms of lower prices and larger quantities as well as added commodities. Families living in rural area and having a yearly income of less than `1200/- or less and in urban areas with an annual income of `17,000/- or less have been issued with yellow cards with prerogative to drawn subsidized food grains. There is 1, 66,032 families below the poverty line (BPL) are issued with Yellow cards and 18,672 families with Anthyodaya Anna Yojana Cards. Out of them 21,745 Yellow cards and 2749 AAY Cards are on urban areas. The above poverty line families in rural areas are issued with saffron cards are issued to the rural families whose yearly income is more than 12,000 and photo cards to the urban families with an annual income of added the 17.000/-. There are totally 2, 57,217 cards issued in the Karnataka State Government.

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