

## The PDS in Rural Orissa: Against the Grain?

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A report from a sample survey of the functioning of the public distribution system in 12 villages in two districts in Orissa, a state usually associated with a poor PDS. While there are errors in exclusion and inclusion of households covered, there has been a vast improvement in operation of the PDS; below the poverty line households seem to be receiving their entitlements. The households also express a strong preference for distribution of grain over cash.

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In the summer of 2011, we were a part of a group of about 40 students and other young volunteers who set out in the scorching heat to conduct surveys of the public distribution system (PDS) across the country. Amidst growing criticism of the PDS from policymakers for its high leakages, and calls for replacing it with cash transfers, we wanted to find out about the status of PDS on the ground and people's preferences between food and cash.

Our team went to Sundargarh and Nuapada districts of Orissa where we surveyed six villages in each district. True to its name, Sundargarh is a beautiful district which has about 43% of its total area under forest cover. Nuapada is part of the Kalahandi, Bolangir and Koraput (KBK) region, notorious for starvation deaths and distress migration. Twelve households were selected at random from the BPL list in

each sample village; the 12 sample villages were also selected at random – three villages in each block, two blocks in each district. In addition, we interviewed the person running the local PDS outlet.

Ordinarily, all the respondent households were getting their full quota of rice – 30 kg per month for BPL and 35 kg per month for Antyodaya cardholders at Rs 2 per kg in both cases. The Government of Orissa has made PDS universal in the KBK region, by adding its own resources to the central allocations. As a result, in Nuapada, even above the poverty line (APL) households were entitled to 25 kg per month at Rs 2 per kg. Since November 2010, BPL households have been getting an additional 5 kg per month because of a Supreme Court order directing the government to distribute excess food stocks.

At most places rice was being distributed regularly every month. In Orissa, BPL and Antyodaya cardholders are also entitled to 2 kg of sugar every month at Rs 13.5 per kg and four litres of kerosene every month at Rs 13-14.5 per litre (the price of kerosene depends on the proximity of the PDS outlet to the warehouse). Supply of these two commodities was much more irregular than

that of rice. While the levels of awareness of entitlements and satisfaction with the PDS varied amongst the respondents, they all considered the PDS as important for their family's welfare.

Compared to other states, Orissa's ration cards were in fairly bad condition with entries made on pages containing information about entitlements, and even on the front and back covers of the ration cards! Most cards did not have photographs of the family head or details of family members. While there were hardly any cases of missing or fake entries for rice (we checked the entries since March 2011), many entries were overwritten and almost all the cards had some illegible entries.

There was a wide variation in people's perceptions of the rice they got from the PDS. While half of the respondents said that rice bought from the ration shop on the last occasion was of "fair" quality, 35% said it was good and the remaining (15%) said it was of poor quality. Some complained of stones or bad smell in the rice.

### Working of PDS

In Orissa, the PDS outlets are operated by the gram panchayats, private dealers and self-help groups. The outlets usually open three days a month, based on a fixed schedule. Many respondents felt that the PDS outlet should open for more than three days a month because if they are not in the village for those three days and have not asked somebody else to collect their ration for them, they miss out on that month's ration. However, a few people said that if they are unable to get their ration in a particular month, the PDS manager gives it to them the next month. Most people said that the PDS manager was helpful.

Compared to five years ago, 74% of the respondents felt that the overall functioning of the PDS had improved, while 19% found it the same and 5% felt it was worse. At many places the PDS outlet is now closer than it was five years ago and grain is being supplied more regularly. A large proportion of the respondents said that currently they were getting more grain than five years ago.

To verify the claims of increased quantity of rice supplied in the PDS over the last five years, we looked at secondary sources of information on PDS entitlements. On

the website of the food supplies department of the Government of Orissa, I found that the price of PDS rice was reduced to Rs 2 per kg from August 2008 for all cardholders. Prior to August 2008, Antyodaya cardholders were entitled to 35 kg of rice at Rs 3 per kg. BPL cardholders in Integrated Tribal Development Programme (ITDP) and Drought Prone Area Programme (DPAP) blocks were entitled to 25 kg of rice of which 16 kg was provided at Rs 4.75 per kg and the rest (9 kg) at Rs 6.30 per kg. BPL cardholders in other areas and APL cardholders in the KBK districts were entitled to 25 kg of rice at Rs 6.30 per kg. PDS entitlements in earlier years (say 10 years ago) were even more difficult to understand. If even researchers are unable to comprehend the details of PDS entitlements, one can easily imagine the lack of clarity amongst PDS beneficiaries themselves, and how unscrupulous PDS dealers and government officials might take advantage of the confusion to cheat them.

### Practical Suggestions

We asked our respondents for suggestions for improving the PDS. Although most had some difficulty in understanding what was meant by "improving the PDS", on explaining a little more, we got some very practical suggestions. These included ensuring that sugar and kerosene are provided regularly and inclusion of other essential food items such as pulses and edible oil in the PDS. Respondents of large families wanted a larger quantity of rice. Inhabitants of villages which were far from the PDS outlet suggested that the PDS shop should be in the village itself. When respondents were asked whether they would buy coarse grains such as bajra, jowar or *makka* (typically more nutritious than wheat or rice) if they were available in the PDS, 79% said yes.

We also asked people whether the amount of food they eat was enough to ensure that they did not sleep hungry and were surprised to find that almost everybody said yes, even in Nuapada which is supposed to have a high rate of hunger. We wondered whether the reason was that some of the respondents were reluctant to admit to hunger, or whether the PDS, limited as it was, made it much less likely that anyone (at least among households with a BPL or Antyodaya card) would run out of food.

During the course of our survey, we observed various irregularities in the BPL list. Many families which had their names in the BPL list did not actually have a BPL or Antyodaya card. It is easy to imagine the disappointment of a poor family which does not possess a ration card and is excluded from the PDS but sees its neighbours buy cheap grain every month. In 2009 and 2010, Orissa had ration card verification drives, when an effort was made to eliminate bogus ration cards and streamline the list of cardholders. In one of the sample villages, this drive made it possible to give ration cards to 10-12 families which had their names in the BPL list but did not have ration cards.

On the other hand, we also witnessed cases of inclusion errors. We interviewed one respondent who possessed a BPL card in the comfort of his two-storied pucca house which had a television, fans and a motorcycle adorning the front gate. In Dalak village a group of men told us that it was possible for people with money and influence to bribe officials to get BPL cards. A few hundred or even thousand rupees seem like a good investment in a BPL card which assures cheap rations month after month! Some people even complained of influential families possessing more than one ration card. In one village we were told that very often such families sell the surplus rice bought at Rs 2/kg from the PDS at Rs 10/kg in the open market.

Other examples of corruption include cardholders being forced to pay money to get their ration cards or to get extra pages added to their ration cards. Many PDS managers complained of godowns sending less grain to the ration shops than they are supposed to, which "forces" them, in turn, to distribute less grain to the cardholders. One of them told us about the floors of the trucks coming from godowns being covered in a thick carpet of spilled rice.

### Cash vs Food

At the end of each interview, we enquired about the respondents' preferences between food rations and cash. We asked whether they would prefer cash, if every month the government transferred enough money in their bank accounts to enable

them to buy the same amount of grain and other items from the market which they are currently getting from the PDS. Most of the respondents (88%) said that they wanted food rations. Many people were fairly satisfied with the PDS and did not see any advantage in getting money if that money was to be spent in buying food rations which they were already getting. We probed a little further and suggested that with money, they would be able to buy better quality grains. To this many replied that buying rations with money would entail first going to the bank and then to the market, both of which are usually far from the village and would result in wastage of money and time. This was especially the concern of old people who lived on their own.

Many associated food security with the PDS and said that cash would get spent on buying other things such as clothes, medicines and even alcohol, because of which they would not be able to buy enough food. Some said that the PDS was a lifeline for them, especially during droughts. Many were also concerned about local inflation, i.e., prices in the local market increasing after the government fixed the amounts to be transferred to them as cash. Some were against cash transfers as they did not want to shift from a system they were familiar and satisfied with.

It was interesting to see how clear many people were about their preference for food rations. Amongst many others, Shanti Mohanto, Chandu Ekka and Lakhi Oram of Bartoli said that even if they were

offered double the quantity of cash, they would still prefer food rations. Karmi Oram of Kulenbahal, Jagman Munda of Jharbeda, Bite Patta of Dala and some other women were unable to give us a reason for preferring food, but they were very clear that this was their preference.

At the end of our two-week long visit of rural Orissa, we concluded that the PDS in the state is functioning, although not perfectly, and that it has improved over the last few years. It was also clear that the majority of the respondents did not want their food rations replaced with cash. Those who dismiss the PDS as a failure and advocate its replacement with cash transfers would do well to take stock of the ground reality and people's preferences before making these sweeping recommendations.