

# Public Distribution System in Sikkim: Some Reflections

Gyaltzen Tsh. Bhutia\* and Prof R.K. Srivastava\*\*

\*Ph.D Student, Deptt of Economic HNB Grawhal University, SRT Campus Badshahi Thual, New Tehri.

\*\*Deptt of Economic HNB Grawhal University, SRT Campus Badshahi Thual, New Tehri.

## Abstract

*Public Distribution System (PDS) in India is creation of Second World War era. It has indented to protect people from food crises and inflation. It has the largest retail system in the World having a network of 4.87 lakh fair price shops (FPS). It is a major weapon in the hands of govt. to eradicate poverty and deliver nutritional food to the poor. But the other side of the coin of PDS is an eye-opener to the policy-makers, researchers, etc. When Planning Commission has admitted in its report “For every spent of Rs 4 on the PDS only Rs 1 reaches”, and “57% of the PDS food grain does not reach the intended people”. But the leakages in PDS in whole country are not the same. For example, PDS in Sikkim, which has been taken a case study, started only in 1978; and its geo-strategic situations are also different to the rest of the country. The major problem of PDS in Sikkim has been confronting in the targeting beneficiaries. Its other problems have also significance in nature cannot be overlooked. Accordingly, some policy options have been suggested to create an efficient PDS in Sikkim.*

Key words: Poverty, Nutritional, Inferior, Leakages, BPL, APL, Beneficiaries etc.

## Abbreviation

AAY - Antodaya Annadan Yojana  
APL - Average Poverty Line  
BPL - Below Poverty Line  
CAG - Controller of Audit General  
CAGR – Compound Annual Growth Rate  
FB - Facebook  
FCS - Food Coupon System  
FCI – Food Cooperation of India  
FPS – Fair Price Shop  
MMAAY – Mukhya Mantri Antyodaya Annadan Yojana  
MMKSA – Mukhya Mantri Khadya Ssrakshya Abhiya  
MPCS – Multi-Purpose Cooperative Society

## I. Introduction

Public Distribution System (PDS) in India is creation of Second World War era. It has indented to protect people from food crises and inflation (Tarozzi, 2002). It is a major component of Indian food security system jointly shares by the responsibility between the State and the Centre Government. The main objective of PDS in India is to provide basic commodities at highly affordable rate. Though India is self



sufficient in food grains but still half of the populations are starving. On the advice of World Bank the govt. of India introduced the Targeted Public Distribution System (TPDS) in order to seek transparent and accountable distribution of food subsidy. Since from (1980-85), PDS extended to all rural India with 4.62 lakh fair price shop distributing of Rs.30, 000 cores commodities annually to about 160 millions families. (Datt & Sundharam, 2013). Today PDS covered 33 crore BPL families through 4.78 lakh Fair Price Shop (FPS) (<http://pdscvc.nic.in/Annexure%20C.pdf>). But still only 41% food reached to the poor rest 59% vanished on the way (National sample survey, 2004-05).

Sikkim, a tiny Himalayan State, it has least population of 6.07 lakh in India. More than 80% of populations are still living in rural area. Agriculture is the main occupation of Sikkim but its economy is driven by the secondary and tertiary sector. At CAGR, 2012-2013, GSDP at current price recorded that 60.3% of share is contributed by secondary sector followed by tertiary sector 30.6% and only 9.1% by agriculture sector ([www.ibef.org](http://www.ibef.org)). Because of low production of agriculture food grains the State have to depend upon FCI and other States to cover up the require gap. Therefore, the main objective of the article is to find out the State of affairs of PDS in Sikkim. Accordingly to suggest policy options which can be taken to make PDS more efficient in Sikkim.

## II. PDS in Sikkim: A Background

Sikkim Cooperative Movement was started during the Chogyal (Religious King) dynasty with the enactment of Sikkim Cooperative Society Act, 1955. It is mostly run and managed by the ex-Sikkim Guard and supported under the State plan. The Act was replaced in 1978 and in 1981 after joining the Indian Union in 1975. A chain of consumer cooperative societies under TPDS distributes various subsidy food grains through MPCs under FPS. The FCI allocate annually 3476.39 metric tonnes of rice and 245 metric tonnes of wheat under TPDS. ([www.sikkim-cooperative.gov.in](http://www.sikkim-cooperative.gov.in)).

The government has committed to become the first BPL free State in India despite various hindrances. The government has claimed of reduction of BPL from 41.43% to 19.33 %, further govt. had claimed that the poverty level has been reduced from 30.9% in 2004-05 to 13.1% in 2009-2010 ([www.thehindubusinessline.com](http://www.thehindubusinessline.com), dated 15 April 2012). But the department has neither review nor updated the details on the web site despite of several remaindered from Center government.

Similarly, another report claimed that the poverty level has gone down of 80,000 people now living in BPL, from 1, 70,000 BPL in 2004-2005 decreases by 17.5% (Planning Commission, Tenth five year plan report). Thus, it is clear that it is unable to achieve the target of government to become first BPL Free State in 2015.

Table 1 depicts BPL category in different scheme, total beneficiaries and eligibility

under PDS in Sikkim. Also it shows that 41.43% of populations in BPL have been beneficiaries under PDS in Sikkim.

**Table 1: BPL category in different scheme, total beneficiaries and eligibility under PDS in Sikkim**

Sl.No.	Name of Scheme	Targeted Beneficiaries	Eligibility	No of Beneficiaries
1	MMAAY	Poorest of the poor from the 43,428 BPL family	35kgs of rice per family free of cost	9914 family
2	BPL	BPL (41.43%) of 5.40 lakhs)	35kgs of rice at Rs 4 per kg for BPL	26,914 beneficiaries
3	AAY	Extremely poor from BPL list 6600 families	35kgs of rice at Rs 3 per kg	6600 family
4	Annapurna Scheme	Helpless and aged person above 65 years of age.	10kgs of rice free of cost every month	2500 beneficiaries
5	Welfare Institutions	Inmates/residents provided free meals	Rs 4per kg rice	Inmates/resident in welfare institution.
6	Wheat Schemes	All people who are enlisted to fair price shops	Whole meal Atta @Rs 8.92 per kg	All beneficiaries

Source: [http://sikkimfcs-cad.gov.in/citizen's\\_charter.html](http://sikkimfcs-cad.gov.in/citizen's_charter.html)

Table 2 shows the commodity and its rate which have been distributed under PDS in Sikkim. its also exhibits that BPL rice is distribute among the poor in many scheme

like MMAAY, Annapurna rice etc. to cover the entire poor in the State. Even the rice have been distributed free of cost for the poorest people.

**Table 2: Commodity and its Rate under PDS in Sikkim**

Sl.No.	Commodity	Rate (in Rs.)	Scale
1	BPL Rice	4/kg	35kgs/family/month
2	APL Rice	9/kg	2kgs/person/month
3	MMAAY Rice	Free of cost	35kgs/family/month
4	MMKSA Rice	4/kg	35kgs/family/month
5	WI/NS	4/kg	5kgs/person/month
6	ANNAPURNA Rice	Free of cost	10kgs/person/month
7	WHOLE MEAL ATTA	8.92/kg	1kgs/person/month
8	LEVY SUGAR	26/kg	1kgs/person/month
9	SK OIL	15.25 to 16.20/ltr	1.25 ltr/person/month (R) 1.00 ltr/person/month (U)

Source: [www.sikkimfcs-cad.org.in](http://www.sikkimfcs-cad.org.in)

Table 3 shows the total FPS cover 1420 FPS covered the entire 452 villages in the four districts under this programme. The highest

number of fair price shops located in the east, south, west and north districts respectively is by the population size.

**Table 3: No. of Fair price Shop (District Wise) in Sikkim**

Sl.No.	EAST	WEST	NORTH	SOUTH	TOTAL
1	590	336	74	420	<b>1420</b>

Source: [http://sikkimfcs-cad.gov.in/fps\\_database.html](http://sikkimfcs-cad.gov.in/fps_database.html)

### III. Hindrances

A number of hindrances have been identified in PDS in Sikkim, these are:

#### (i). Large error in BPL and APL beneficiaries

The success of PDS is more or less depends on proper and fair distribution of BPL and APL beneficiaries. But in Sikkim, large errors in inclusion of BPL and APL family have been found. Since August 2009, 45,928 BPL beneficiaries possessed both APL and BPL card in defiance of norms (CAG report 30<sup>th</sup> March 2010. as cited [www.isikkim.com](http://www.isikkim.com)). This is caused due to the political interferences, favoritism, illiterate

Panchayat, unaware of public and negligence of department etc.

#### (ii) Price Manipulation

It is shocking to found that Sikkim govt. which is considered as champion of its own people, but in practice it is not so. The State Govt has charged more than the official rate in levy sugar at Rs.26 per/kg against Rs. 13.50 which is almost double. Also the Retail price shops overcharging of price by Rs.125 per quintal on levy sugar and its directly excess burden to the consumer (ibid.). During the festival time the shortages is more acute. It is often alleged that malpractices are used by dealers in distribution and charges price.



### **(iii) Low quality**

The inferior food grains are often supplied to consumers. It is found that FCI has been supplying inferior articles. For example, CAG observed that Department had not kept adequate vigil in distribution and lifting of iodized salt and atta (wheat flour) by the agents. Short supply of 13,458.50 quintal (valuing Rs. 2.15 cr.) of atta due to excess refraction by mill owner led to the undue benefit to the flour mill owner and quality control was not effective (ibid.). Hence, it is clear that there is a big gap between quality food grains and poor beneficiaries because of inadequate vigil by the department.

### **(iv) Lack of accountability**

An inadequate accountability in PDS is the major concern in Sikkim. The CAG reported that Food and Civil Supplies and Consumer Affairs Department neither reviewed nor updated the list of BPL beneficiaries after repeated reminder from GOI (ibid). It also defected in price of the food grains, renewal ration card, no check on quality, absence of vigilance committees meeting and monitoring and lack of accountable in FPSs (ibid.).

### **(v) Lack of Proper Planning**

Shortages mostly come into exist during natural calamities and festival time. The department has no pre-management or stock in food godowns. They always blame to agencies, bad road, bad weather and famous saying “no budget”. For example, the rumor come out that very limited stock of rice is available in state food godown ([www.sikkimexpress.com](http://www.sikkimexpress.com) dated 02.october

2012), later department inspected and found shortage of 300 bags of rice by FCI vigilance team.

### **(vi) Neglect quota**

Because of error in inclusion of APL beneficiaries mostly in rural village, some of them are not taking their quota of rice thus, a part of the entitlement of these households leaking out of the PDS supply chain. Some beneficiaries did not use entitle of food grains properly either they sold their quota to FPS or they will prepare a rice beer for consumption.

### **(vii) Selection procedure of dealers**

The selection procedure of FPS dealers and inclusion of BPL list is not transparent. This procedure is highly interferer by the politician. It became a vote bank politics and the poor beneficiaries become a victim. It was come to notice in recent Assembly election in 2014, that many BPL beneficiaries has complain that they are not getting their quota of rice because of the support opposition party (facebook various media page). Even the FPS dealers did not distribute the commodities after second week of the month and inform to consumer it was already lapsed.

### **(viii) No Grievances mechanism**

Department had mentioned grievances mechanism in PSDs system (GOI, 2013, Tendulkar report), but in reality no grievances mechanism exist in any MNCS and FPSs. This is due to lack of public awareness inefficient administration of department. Therefore, consumers have to



take a lot of pains to register their complaints.

#### IV. Policy Options

##### (i) Food Coupon System (FCS)

The Sikkim Govt has to follow the foot step of Andhra Pradesh Govt to introduce Food Coupon System (FCS) for effective distribution. During 1989-1999 Andhra Pradesh Govt has introduced FCS in order to improve the delivery system of two commodities (Rice and Kerosene). Under this scheme, the cardholder, physically present when obtaining the coupon which is issue ones in a year. The coupon holder draw the entitled on monthly or even installments basis. The coupon could be verified every month by the officials of the civil supplies/ revenue Department. This system reduce the number of bogus cards by approximately eight lakh and resulted a save of Rs.9 crore per month on rice and Rs. 5.67 crore per month on kerosene as subsidy. (Planning Commission, 10<sup>th</sup> five year plan).

The departments have to follow FCS to make effective and transparent PDS. The beneficiaries or the cardholder have to be identified and recommended by the village Panchayat and other village organisations. If the coupon holder found any misuses of the quota than, such coupon holder should be immediately eliminated from any benefits by the official. This could help the Department and the Govt for distributing food subsidy more accountable, efficient and transparent in the system.

##### (ii) Digitalize system

Center government gear-up to make India a digital India. This is one of the greatest initiative took by the Central Government. Sikkim government can easily achieve in this programme because it has 82.2% literacy rate according to census 2011 and majority of population, almost all the young generation is already became digitalized through social network called facebook (fb). It has been observed that slowly all the public sector department has opened departmental page on fb which getting efficient and positive response from the public. For example during the recent Assembly Election 2014, the entire Districts Magistrate efficiently and transparently conducted election procedure by sharing authentic information through district wise DM page on fb. Similarly, the government can make digitalize in PDS. Each agent, dealer, food godown, MPCS, FPSs separately open fb page under the jurisdiction of Sub-Division Magistrate (SDM) and update it time to time. It will definitely make difference in accountability, transparency, time saving and even in audit mechanism.

##### (iii) Encourages Educated Youth

For FPS dealership, the Sikkim Govt should encourage educated youth especially women to provide them well and commission (as a reward) so that effective, transparency and accountability should maintain. The government can also encourage the youth in supplying agencies by providing them well guidelines and loan. It will ensure one thing that good quality of food grain will supply



and flow of money will kept inside the state. Together portion of unemployed will solve and set a big example to younger generation in business activities.

#### **(iv) Transparency and accountability**

The most relevant error in this system is the lack of transparency and accountability in its functioning. The Government should appoint a separate vigilance committee under the one chair person whose work is to monitoring the leakages of the whole PDS. The department should keeps updating the details of PDS on their official web site and social media (fb) time to time.

#### **(v) Pubic Grievances mechanisms**

For the smooth functioning of the PDS in the country, numerous entitle like vigilance committee, Anti-Hoarding Cell etc, were appointed by the central as well as state. But these committees are normally non-existent on the ground as a result, malpractices increases and it's directly effect to the beneficiaries. To check such malpractice the department has to issue a toll free number to the public in order to immediate complains to the vigilance committee and the department. There should be a grievances box in every FPS and the box should be open at monthly checking time by the official and immediate action should be taken to the guilty. Every Food godown, MPCs, FPSs must link with social media like fb so that all the information and transaction will have share online.

#### **(vi) Storages**

In order to manage and maintain the flow of delivery during festival time, rainy season and natural calamities the department should extend the capacity of food godown. High tech, hygiene and cold storage have to build under PPP model so that long term and freshness of food grains should be maintain and store.

#### **V. Conclusion**

Though, India is self sufficient in food grains but still half of the populations are starvation. Further, it is reported that, "for every Rs. 4 spent on the PDS, only Rs. 1 reaches the poor and 57% of PDS food grains does not reach the intended people. But the leakages in India are not same. For example, this study found that PDS in Sikkim has different dimension, aim and objectives. Despite of several hindrances Sikkim govt. has committed to become first BPL free State in India till 2015. It has found many hindrances such as, error in BPL and APL inclusion, price manipulation, low quality, lack of accountability, planning, neglect quota and lack of grievance mechanism. It also found that 28.33% reduction of BPL category from 2001 to 2012 but department has failed to review and update on their web site despite of several remaindered from Central government.



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