

## **An Analysis of the Systemic Food Security Weaknesses of the Maharashtra Pds**

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### **Abstract**

The supply and reach of food are more comfortable, famines rarely occur, and large food grain imports are not required. One of the important policy instruments is the use of the public distribution systems (PDSs). In this section, we highlight how the PDSs are operated in Maharashtra; food grain is distributed through a combination of private markets and the public distribution system (PDS). The origins of the PDS can be traced back to the Second World War period. Before the war, small deficits in food grain supply already existed and were met from imports. When the war broke out, imports became difficult and grain prices rose sharply. To ensure an equitable distribution of food, ration was introduced in 1942, with supplies from domestic procurement and imports, and distribution through ration shops. The issue of food security, especially in a developing nation like India, raises the twin problems of uncertain food production and unequal food distribution. The impact of unequal food distribution can have adverse effects on the rural and urban population living below the poverty line. Food insecurity is not only economic problem but also problem of non-humanity approach in India. There availability of the food grains is enough to satisfy their needs. Our research may say that, Food insecurity is not only natural but also manmade.

### **Introduction:**

Food security is a complex sustainable development issue, linked to health through malnutrition, but also to sustainable economic development, environment, and trade. Food security happens when all people at all times have access to enough food that should affordable, safe and healthy, culturally acceptable, meets specific dietary needs, obtained in a dignified manner and produced in ways that are environmentally sound. The World Food Summit of 1996 defined food security as existing “when all people at all times have access to sufficient, safe, nutritious food to maintain a healthy and active life”. Commonly, the concept of food security is defined as including both physical and economic access to food that meets people's dietary needs as well as their food preferences. There is a great deal of debate around food security. If we fail to maintain above there has been food insecurity. Food insecurity exists when all people, at all times, do not have physical and economic access to the sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life.

### **The objectives of PDSs:**

Maharashtra has chosen not to rely completely on the private market but to have instead a government food distribution system. The main objectives of the system in both case are threefold:

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- i) To contain rises in food prices and keep them within reasonable limits in the wake of production shortage and increasing food demand;
- ii) To ensure availability of minimum amount of food at a reasonable price to those who do not produce it (or produce it in insufficient quantity); and
- iii) To make food available at reasonable prices to low-income groups whose food security is most severely affected by high prices.

**Demand Supply Status:**

a) **Food Grains:** Projected demand of foodgrains by the end of Eleventh Five year Plan is estimated to be nearly 235 million tons (**Annexure 1.2**). National Food Security Mission (NFSM) was launched in 2007-08 to increase the production of rice, wheat and pulses (which constitute nearly 85% of food grains) by 20 million tons to bridge the demand supply gap. Rashtriya Krishi Vikas Yojana (RKVY) was also launched in 2007-08 for achieving 4% agriculture growth rate in agriculture and allied sectors in the 11<sup>th</sup> Five year Plan period to sustain agriculture production and productivity.

b) **Oilseeds:** Against the projected demand of about 53 million tons of oilseeds by the end of Eleventh Plan, deficiency in production is estimated to be more than 25 million tons which would warrant more imports of edible oil. Apart from addressing the production constraints of oilseeds in rainfed areas, focus has to be given to promotion of oilpalm plantation. So far, about 1.5 lakh hectares of oil-palm plantations exist in the country which is only about 10 % of the assessed potential.

<b>Demand Supply status of food grains, pulses and oilseeds</b>						
Quantity in million tons						
Year	Food grains (Cereals and pulses)		Pulses		Oilseeds	
	Demand	Production	Demand	Production	Demand	Production
2007-08	214.02	230.78	16.77	14.76	45.56	29.75
2008-09	219.01	234.47	17.51	14.57	47.43	27.72
2009-10	224.04	216.85*	18.29	14.74*	49.35	26.32*
2010-11	229.12		19.08		51.34	
2011-12	234.26		19.91		53.39	

Source: NDC's Working Group on Crop Husbandry, Agricultural Inputs, Demand and Supply Projections and Agricultural Statistics for the Eleventh Five Year Plan (2007-12)

\*As per second advance estimate 2009-10 of DES

**Amendment of Essential Commodities Act, 1955:**

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The Essential Commodities Act, 1955 has been amended by issuing an Ordinance under the title 'The Essential Commodities (Amendment and Validation) Ordinance, 2009' on 21.10.2009. The Act has been amended with a view to remove the defects and ambiguity in the existing law and to clarify the provisions pertaining to the determination of price of levy sugar and also to validate actions taken by the Central Government for fixation of price of levy sugar under the specified orders effective from 01.10.1974. A bill was introduced in the last winter session of the Parliament to replace the Ordinance and the Bill has since been passed in both Houses of Parliament. The relevant Act i.e. 'The Essential Commodities (Amendment and Validation) Act, 2009' has been notified on 22.12.2009.

**Prevention of Black Marketing and Maintenance of Supplies of Essential Commodities (PBMMSEC) Act, 1980:**

The Prevention of Black Marketing and Maintenance of Supplies of Essential Commodities Act, 1980 is being implemented by the State Governments/UT Administrations for the prevention of unethical trade practices like hoarding and black-marketing etc. The Act empowers the Central and State Governments to detain persons whose activities are found to be prejudicial to the maintenance of supplies of commodities essential to the community. Detentions are made by the States/UTs in selective cases to prevent hoarding and blackmarketing of the essential commodities. Under the provisions of this Act, the State Governments are required to report the facts together with the grounds of detention and other particulars relating to it, to the Central Government within seven days of approval of the State Government. The detention orders made by the State Governments year-wise and state-wise during 2006, 2007, 2008 and 2009 are given as under:

Name of the State	2006	2007	2008	2009
Gujarat	85	50	16	31
Tamil Nadu	74	65	141	112
Orissa	01	-	01	02
Maharashtra	01	01	-	02
Madhya Pradesh	-	03	-	-
Andhra Pradesh	-	-	04	-
Total	161	119	162	147

**Suggestions / Views of State Governments on amendment of EC (Essential commodities) ACT/PBMMSEC Act:**

Through various for a including conferences with the Food Secretaries of the State and the Chief Ministers Conference held on 6.2.2010, and in reply to this Department's communication, the State Governments/UT Administrations, gave their views on what changes are required in EC Act and PBMMSEC Act.

### **Action against those with Bogus Ration Cards:**

Secretary (F&PD) in a letter dated 5/10/09 addressed to all Chief Secretaries and Joint Secretary (F&PD) in a letter dated 26/08/09 to all Food Secretaries have conveyed the decision of the Government to carry out an intensive campaign from October to December, 2009 to review the existing lists of BPL and AAY families and ration cards so as to eliminate bogus ration cards.

Number of Card Holders:

Annual Income Group	Card Type	Card holders (in lakh)				
		2005	2006	2007	2008	2009 <sup>\$</sup>
Upto Rs. 15,000	Yellow	74.42	71.87	71.34	69.60	69.80
Rs. 15,001 to 1,00,000	Saffron	144.95	140.94	138.62	140.04	144.49
More than Rs. 1,00,000	White	10.80	9.91	9.70	8.38	8.82

*Source* : Food, Civil Supplies and Consumer Protection Department, Government of Maharashtra.

<sup>\$</sup> As on 8<sup>th</sup> December, 2009

### **Improve the Efficiency of FPS Operations:**

#### **(I) Distribution of wheat flour/fortified wheat flour under TPDS.**

To facilitate distribution of wheat flour/fortified wheat flour instead of whole wheat in convergence with other Government programmes/schemes for nutritional improvement of targeted beneficiaries, the Department has issued revised policy guidelines on this subject in January, 2008. 14 States/UTs are presently distributing wheat flour/fortified wheat flour under TPDS.

#### **(II) Allotment of Fair Price Shops to Institutions and Groups**

As per reports received from State Governments upto end of February 2010, out of 5.03 lakh fair price shops in the country, about 1,19,591 fair price shops have been allotted to Cooperatives, women's Self Help Groups, Village Panchayats, Urban Local Bodies and other Self Help Groups in different States.

#### **(III) Sale of non-PDS items in FPS**

To make operations of FPS economically viable, the State/UT governments have been advised to allow FPS licensees to enlarge basket of commodities by allowing sale of non-PDS items for daily use as per local requirements. Nine states/UT governments have confirmed that FPS in these states are selling non-PDS items such as edible oil, pulses, milk powder, soaps etc.

#### **(IV) Commission to FPS Licensees**

The State/UT Governments have been given the flexibility in 2001 for fixing the commission in order to enable them to increase the commission of FPS licensees.

### **Fair Price Shop:**

It is the policy of the State Government to have FPS at every revenue village. FPS are opened taking into consideration the convenience of the card holders and topography of the area. There was 50,344 FPS operating in the State as on 9<sup>th</sup> September, 2009. To overcome the problem of establishing new FPS in Greater Mumbai, 33 mobile FPS were started in 1999 by the State Government. This mobile FPS are handed over for operation to co-operative institutions like Maharashtra State Marketing Federation, Maharashtra State Consumer Federation and Apna Bazar on certain conditions. Of these, two mobile FPS have been transferred to Marketing Federation for operation under Door Step Delivery Programme in Akrani and Akkalkuwa talukas of Nandurbar district.

### **Food subsidy:**

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Food subsidy is provided in the budget of the Department of Food and Public Distribution to meet the difference between economic cost of foodgrains and their sales realization at Central Issue Prices fixed for TPDS and other welfare schemes. In addition, the Central Government also procures foodgrains for meeting the requirements of buffer stock. Hence, part of the food subsidy also goes towards meeting the carrying cost of buffer stock. The year-wise break-up of subsidy released on foodgrains during the last five years and current financial year to FCI and the States operating the Decentralized Procurement Scheme is as under:-

(As per Annual Report 2009-10)  
(Rs. in crore)

Year	Subsidy Released		
	FCI	States	Total
2004-05	23280	2466	25746
2005-06	19871	3200	23071
2006-07	20786	3042	23828
2007-08	27760	3500	31260
2008-09	36744	6924	43668
2009-10 (till 10.02.2010)	44879	9660	54539

**Reducing the gap between farm-gate and retail prices:**

Wholesale/retail prices are largely determined by market forces. The difference between wholesale and retail prices is mainly due to (i) transportation and handling costs (ii) packaging and other marketing expenses at retail, (iii) retailers mark-up and (iv) various taxes levied by different State Governments e.g. octroi duty. Besides this, even within the same city there may be differences in the retail prices of commodities in different markets. This could be due to the location of the market and the nature of the consumer group covered by that market.

It is not practically possible to bring uniformity in prices of essential commodities across different states on account of transportation and handling costs and various taxes levied by different state governments, as well as the conditions of demand and supply that vary from place to place. In a market driven economy, state governments can better influence the prices of essential commodities by intervening in the market by selling essential commodities at specific retail outlets at prices below the prevailing market prices. During the periodic meetings with state governments and UTs, they were requested to initiate steps to bring down prices. It has also been reiterated by the Minister for Food, Consumer Affairs and Public Distribution and the Prime Minister, that the State Governments have an important role in checking the rise in prices of essential commodities through a set of administrative and regulatory measures.

### Need for Removal of Restrictions:

The decision for removal of restrictions on storage, movement etc. in respect of some specified foodstuffs including pulses were taken in line with the recommendation of the Standing Committee of some Union Ministers and Chief Ministers constituted in pursuance to the conference of Chief Ministers on "WTO and Agriculture" held on 21.05.2001. The said Committee decided that the restrictions on movement of all agricultural commodities should be removed and that the Essential Commodities Act, 1955 may continue as an umbrella legislation for the Centre and the State to use when needed but that a progressive dismantling of controls and restrictions was also required. Therefore, Department of Consumer Affairs, in consultation with all concerned, issued Central Notifications on 15.02.2002 and 16.06.2003 removing the licensing requirements, stock limits and movement restrictions on specified foodstuffs.

**State-Wise Total No. of BPL households and ration cards issued to BPL, AAY households.**  
**as reported by 31.01.2010 (FIGURES IN LAKH)**

S.No.	STATE/UT	NO. OF ESTIMATED BPL FAMILIES AS ON 1.3.2000 BASED ON 1993-94 POVERTY ESTIMATES	RATION CARDS ISSUED BY STATE/UT GOVTS.		
			BPL	AAY	TOTAL
	Karnataka	31.29	93.70	12.00	105.70
	Kerala	15.54	14.83	5.96	20.79
	Madhya Pradesh	41.25	52.65	15.82	68.47
	Maharashtra	65.34	45.55	24.64	70.19
	Manipur	1.66	1.02	0.64	1.66
	Meghalaya	1.83	1.13	0.70	1.83
	Mizoram	0.68	0.42	0.26	0.68
	Nagaland	1.24	0.77	0.47	1.24
	Orissa	32.98	37.90	12.65	50.55
	Punjab	4.68	2.89	1.79	4.68

(BPL-Below poverty line, AAY-Antoday anna yojana)

### Food Insecurity in India also including Maharashtra:

Total production of foodgrain was 230.78 million tonnes in 2007-08 and in recent year it is 229.85 million tonnes. There is just 0.93 million tonnes of foodgrain production decreased than last year. Hence question is that, only 0.93 million tonnes falling production of foodgrain can create such situations of food insecurity in India? When look at the statistics relating to the major foodgrain

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production. We found that, rice production is increased from 96.69 to 99.37 million tonnes in 2007-08 to 2008-09, wheat production is decreased from 78.57 to 77.63 million tonnes, production of coarse cereals is just decreased from 40.76 to 38.67 million tonnes, cereals production is decreased from 216.02 to 215.67 million tonnes and production of pulses is near about stable it is changed from 14.76 to 14.18 million tonnes in same year. (From annual reports of Govt. Of India)

In the same year population growth is near about hardly 1.10 percent and net growth of population may be 0.50 to 0.75 percent. It is not larger growth which may become burden on food supply in India. Because, in the same period fish production is increased from 6.8 to 7.3 million tonnes, fruit production increased from 59563 thousand tonnes and production of vegetables is increased from 115011 to 125887 thousand million tonnes. Apart from the production of foodgrain and supported foods buffer stock of foodgrain also increase continually since 2007. In year 2006-07 buffer stock of wheat were 54.28 million tonnes and 119.77 million tonnes of rice stock. In year 2007-08 stock of wheat were 77.12 million tonnes and 114.75 million tonnes of rice and in year 2009 stock of wheat is increased to 182.12 million tonnes and stock of rice is increased to 175.76 million tonnes. There has been net growth in the major foodgrain production in India.

That's why we may say that this not economic problem of our country, this is administrative problem.

### **Conclusion:**

The government has failed to control and regulate food market in India. This problem becomes serious due to the unfair trade practice by private traders doing in drought situation. The problem of hunger is due to poor economic accessibility. It is result of poor implementation of policy measures. Social networking (and the access to information) increased the likelihood of participation by the affluent but decreased the likelihood of participation by non-affluent and the poor. This implies that the non-affluent are not able to act even if they have information. We need to explore this result further. Our analyses show that a PDS is a useful policy instrument, particularly when there is a shortage of food. It can also be a cost-effective measure to counteract poverty. Moreover, a buffer stock controlled by the central government is essential to ensuring and improving a country's food security, regardless of whether or not a physical PDS is maintained.

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