

PUBLIC DISTRIBUTION SYSTEM AND SOCIAL EXCLUSION

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In striving for “efficiency” by means of narrow targeting, households that should be entitled to basic food security through the PDS have been left out.

During periods of high inflation in food prices, governments must provide a basic minimum quantity of food grain and other food items at low prices through public distribution systems to low-income, food-insecure, and vulnerable populations. In India, the ostensible purpose of the Targeted Public Distribution System (TPDS) was to take food to the poor; in practice, it has resulted in the large-scale exclusion of the poor and food-insecure from the public food system.

Recent evidence from a report titled Public Distribution System and Other Sources of Household Consumption 2004-2005 (GOI, 2007), which presents data from the 61st Round of the National Sample Survey (NSS), establishes that targeting has led to high rates of exclusion of needy households from the Public Distribution System (PDS) and a clear deterioration of coverage in States like Kerala where the universal PDS was most effective. Let me illustrate with evidence from rural India.

The Targeted PDS was begun in 1996. In March 2000, the prices of grain for above-poverty-line (APL) cardholders were hiked and the gap between prices for below-poverty-line (BPL) and APL households widened. In many States, APL prices of grain were close to market prices and, as a result, households with APL cards stopped buying grain from the PDS. The Antyodaya programme introduced a new category, the “poorest of the poor” for whom rice and wheat are available at even lower prices than for BPL households. In the present situation, a person who belongs to a household that has neither a BPL nor an Antyodaya card is effectively excluded from the PDS.

The recent report of the National Sample Survey gives us an insight into the magnitude and nature of this exclusion from the PDS. At the all-India level, 70.5 per cent of rural households either possessed no card or held an APL card. Since households with APL cards are effectively excluded from the PDS, the majority of rural households in India are excluded from the PDS.

To take some State-level examples, in Bihar, 82 per cent of households held an APL card or no card; the corresponding proportion was 87.7 per cent in Assam, 83.5 per cent in Uttar Pradesh, 83.2 per cent in Himachal Pradesh, 81.5 per cent in Rajasthan, and 74.3 per cent in Uttaranchal. In Kerala, the State where the universal PDS was most effective, 70 per cent of households now have been excluded from the PDS. The magnitude of exclusion was also

high in the States of the North East (for example, in Nagaland, 90 per cent of households are reported to have no ration cards) but this may reflect poor quality data. The only two States where a simple majority of households were not excluded and did possess a BPL or Antyodaya card were Andhra Pradesh (56.5 per cent), and Karnataka (51.7 per cent). Tamil Nadu is an honourable exception. Although 68.9 per cent of households have APL cards (and 11 per cent have no ration cards), there is a uniform price and allocation for APL and BPL cardholders. In practice, there is a system of universal PDS in Tamil Nadu.

The NSS Report also allows us to classify — by caste, occupation, land ownership and consumer expenditure category — the households that are excluded from the PDS.

EXCLUSION BY OCCUPATION

First, let us consider the degree of exclusion by occupation. The NSS defines five types of rural households, based on information on sources of income: self-employed (agriculture), self-employed (non-agriculture), agricultural labour, other labour and other households. We focus on agricultural labour, since manual agricultural labour households are undoubtedly among those most in need of access to the PDS. The all-India average indicates that 52 per cent of agricultural labour households either had no card or an APL card. The corresponding proportion was 96 per cent in Manipur, 68 per cent in Rajasthan and Assam, 71 per cent in Bihar and 73 per cent in Uttar Pradesh. Can 70 per cent of agricultural labour households be considered as ineligible for the PDS? There were only four States in which two-thirds or more of agricultural labour households were not excluded from the PDS (that is, held a BPL or Antyodaya ration card). These States were Andhra Pradesh, Karnataka, Jammu and Kashmir and Tripura.

SOCIAL BACKGROUND

Secondly, we examine the social background of households, focussing on Scheduled Caste and Scheduled Tribe households. We have selected only those States where the rural Scheduled Caste population is more than 10 per cent of the total population. In rural areas, there is known to be substantial degree of overlap between the Scheduled Caste status, landlessness and poverty. The NSS data shows that 70 per cent or more of Scheduled Caste households had no card or an APL card in the rural areas of Assam, Bihar, Himachal Pradesh, Jammu and Kashmir, Punjab, Rajasthan and Uttar Pradesh. Among these States, only Punjab is a cereals-surplus State. At the all-India level, 60 per cent of the Scheduled Caste households in rural areas were effectively excluded from the PDS. States with a lower degree of exclusion of Scheduled Caste households were Karnataka (27 per cent excluded), Andhra Pradesh (31 per cent), and Kerala (38 per cent).

Turning to households belonging to the Scheduled Tribes, again, large numbers of households do not have access to the PDS: to illustrate, 90 per cent of rural Scheduled Tribe households in Assam, 79 per cent in Arunachal Pradesh and 68 per cent in Chhattisgarh were excluded from the PDS. Surprisingly, the North Eastern States did not perform too well on this count (though again there may be a problem of data quality). There were only

four States — Andhra Pradesh, Orissa, Gujarat and Maharashtra — where more than 50 per cent of rural Scheduled Tribe households had received a BPL or Antyodaya card.

Thirdly, the NSS Report has classified households by the extent of land they possessed. It is to be noted that “land possessed” refers to all types of land and includes agricultural land, homestead land and non-agricultural land. It is not surprising, then, that a very small proportion of households is reported as landless. I have therefore grouped together the two categories of landless and near-landless households, and only considered those States in which this category comprised 20 per cent or more of the total population. Again, the conclusion is that a very high proportion of landless and near-landless households did not possess BPL or Antyodaya cards (86 per cent in Sikkim, 80 per cent in Goa, 79 per cent in Uttar Pradesh, 76 per cent in Haryana, 75 per cent in Jharkhand, and 74 per cent in Uttaranchal, for example) and were thus effectively excluded from the PDS.

Finally, I turn to a classification of households on the basis of per capita household expenditure class. Using the official poverty line (an all-India level of Rs360 per capita per month), we classified all households with a monthly per capita expenditure (MPCE) less than Rs.365 as “poor” households. It needs to be noted that the official Indian poverty line reflects absolute deprivation. Again, I defined inclusion as obtaining a BPL or Antyodaya card. Our results show that a significant proportion of households falling below the official poverty line did not possess a BPL or Antyodaya card. The proportion of such households was, to illustrate, 77.5 per cent in Bihar, 74 per cent in Uttar Pradesh, 67 per cent in Jharkhand and 54 per cent in Madhya Pradesh and Chhattisgarh. In all these States, even the majority of those below the official poverty line were excluded from the PDS.

In striving for “efficiency” by means of narrow targeting, households that should be entitled to basic food security through the PDS have been left out. The data from the 61st round of the NSS make it quite clear that a high proportion of agricultural labour and other labour households, of households belonging to the Scheduled Castes and the Scheduled Tribes, of households with little or no land and households in the lowest expenditure classes, are effectively excluded from the PDS today. The exception is Tamil Nadu, which is the only State to have introduced a universal system of PDS, with rice available at Rs.2 a kilogram to all households irrespective of the type of ration card. The only immediate remedy to the problem is to make the PDS universal again, and to ensure that a monthly ration of basic food commodities including grain, pulses and oil is available at affordable prices to all households.