

## A Case for Universal PDS: Tamil Nadu's Experience

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**Abstract:** *This paper appraises the performance and outreach of public distribution system (PDS) of Tamil Nadu in comparison with the Country both in the rural and urban areas using the recent rounds of NSSO data. The results suggest that the reach of PDS in Tamil Nadu is far better than all India, especially in the lower income group. The quantity of cereal consumption from PDS is much higher than that of All India. In Tamil Nadu the reach in rural is better than that of urban areas.*

### Introduction

Government of India had set up a High-Level Committee (the Shanta Kumar Committee) in August 2014, on restructuring of Food Corporation of India. This High Level Committee (hereafter HLC) submitted its report with detailed recommendations in January 2015. The Report contains a separate section of recommendations on Public Distribution System (PDS) and National Food Security Act (NFSA) related issues. To quote from the Report, HLC also recommends to have a relook at the current coverage of 67% of population; priority households getting only 5kgs/person as allocation; and central issue prices being frozen for three years at Rs 3/2/1/kg for rice/wheat/coarse cereals respectively. HLC's examination of these issue reveals that 67% coverage of population is on much higher side, and should be brought down to around 40%, which will comfortably cover BPL families and some even above that; 5kg grain per person to priority households is actually making BPL households worse off, who used to get 7kg/person under the TPDS. So, HLC recommends that they be given 7kg/person. On central issue prices, HLC recommends while Antyodaya households can be given grains at Rs 3/2/1/kg for the time being, but pricing for priority households must be linked to MSP, say 50% of MSP. Else, HLC feels that this NFSA will put undue financial burden on the exchequer, and investments in agriculture and food space may suffer... (GoI 2015: 6).

This paper is an attempt to invalidate the above recommendation of the HLC by elaborating the experience of the State of Tamil Nadu which has implemented PDS with universal and not targeted coverage over the last several decades. In addition to universal coverage, reduction of issue prices (i.e., prices at which commodities are made available for consumers at PDS outlets) below the central issue prices and introduction of GPS monitoring and tracking system of PDS are important features of the PDS system in Tamil Nadu. This paper examines data from the National Sample Survey Organisation (NSSO) on the utilization of PDS for rural and urban areas of Tamil Nadu and India over two time points, 2004-05 and 2011-12.

Rice and wheat, as two major cereals that are distributed through PDS, are considered for this analysis. Tables 1 and 1a provide data on the percentage of households reporting consumption of rice from PDS in 2004-05 for the rural and urban areas of Tamil Nadu and India.

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In Tamil Nadu as a whole, around 79% of rural households and 48% of urban households reported consumption of rice from PDS as against 24% of rural households and 13% of urban households in All India, in 2004-05. That is, the coverage of households by PDS in Tamil Nadu is more than three times of what is prevalent in all India, in 2004-05. The Monthly Per Capita Expenditure Class wise (MPCE<sup>2</sup>) data that provides the reach of PDS across different sections of people indicates a relatively very high coverage in Tamil Nadu in all MPCE classes. The latest NSSO report released last month provides the MPCE classwise data on PDS consumption for India and All major states, which was considered for the analysis in this paper.

**Table 1: Percentage of Households Reporting Consumption of Rice from Public Distribution System in Tamil Nadu and India, 2004-05**

MPCE class	Percentage of households reporting consumption of rice from PDS				
	Rural		MPCE class	Urban	
	Tamil Nadu	India		Tamil Nadu	India
less than 235	65.3	35.7	less than 335	78.2	27.3
235 - 270	84.7	31.6	335-395	83.3	27.4
270 -320	94.3	30.3	395-485	78.5	26.7
320 - 365	92.3	29.1	485-580	75.2	23.3
365- 410	91.8	27.1	580-675	72.3	21.9
410- 455	85.7	26.7	675-790	58.9	14.9
455-510	87.7	25.8	790-930	52.3	11.9
510-580	87.5	22.5	930-1100	42.6	9.2
580 - 690	79.7	22.9	1100-1380	37.6	6.8
690-890	63.5	19.1	1380-1880	22.6	4.4
890-1155	49.5	14.8	1880-2540	9.0	2.2
1155 & above	39.8	11.8	2540 and above	3.3	1.5
<b>All</b>	<b>78.9</b>	<b>24.4</b>	<b>All</b>	<b>47.7</b>	<b>13.1</b>

Source: NSSO (2007)

Table 1a indicates that even though Tamil Nadu is traditionally a rice eating society with fairly low inclination towards wheat consumption, the percentage of households reporting consumption of wheat from PDS in Tamil Nadu was higher in urban areas and only slightly lower in rural areas compared to all India, in 2004-05. About 11% of households in urban and 9% in rural areas in Tamil Nadu reported consumption of wheat from PDS. The corresponding percentage for India was six and 11 respectively.

<sup>2</sup> The NSSO classifies the rural and urban population into 12 classes according to their monthly per capita expenditure.

**Table 1a: Percentage of Households Reporting Consumption of Wheat from Public Distribution System in Tamil Nadu and India, 2004-05**

MPCE class	Percentage of households reporting consumption of wheat from PDS				
	Rural		MPCE class	Urban	
	Tamil Nadu	India		Tamil Nadu	India
less than 235	5.7	14.7	less than 335	6.6	15
235 - 270	2.2	14.8	335-395	10.2	13
270 -320	3.5	14.9	395-485	11.0	11
320 - 365	9.2	14.3	485-580	10.8	9.8
365- 410	8.7	13.3	580-675	17.2	8.4
410- 455	5.4	11.8	675-790	14.5	6.2
455-510	7.6	11.7	790-930	12.6	4.8
510-580	8.8	10.1	930-1100	15.3	4.4
580 - 690	10.8	9.6	1100-1380	11.3	2.7
690-890	12.0	7.7	1380-1880	7.5	2.2
890-1155	14.8	5.9	1880-2540	4.0	1.5
1155 & above	12.8	5.5	2540 and above	1.1	1.4
<b>All</b>	<b>8.9</b>	<b>11</b>	<b>All</b>	<b>10.7</b>	<b>5.8</b>

Source: NSSO (2007)

**Table 2: Percentage of Households Reporting Consumption of Rice from Public Distribution System in Tamil Nadu and India, 2011-12**

MPCE class	Percentage of households reporting consumption of rice from PDS				
	Rural		MPCE class	Urban	
	Tamil Nadu	India		Tamil Nadu	India
<=525	96.1	63.3	<=725	90.0	45.8
525 - 600	94.5	59.7	725 - 860	90.5	44.0
600 -720	97.8	52.7	860 -1090	93.0	38.4
720 - 825	93.6	47.5	1090 - 1295	86.7	37.9
825- 925	92.3	47.5	1295- 1510	76.7	31.7
925- 1035	94.7	47.1	1510- 1760	82.3	31.1
1035-1165	94.0	46.8	1760-2070	75.1	26.1
1165-1335	94.2	45.6	2070-2460	68.3	20.3
1335 - 1685	87.8	44.5	2460 - 3070	58.0	15.1
1685-2055	86.9	41.4	3070-4280	43.5	11.1
2055-2625	75.1	37.7	4280-6015	30.0	6.2
> 2625	58.5	31.0	> 6015	21.0	4.1
<b>all</b>	<b>89.1</b>	<b>45.9</b>	<b>all</b>	<b>66.6</b>	<b>23.3</b>

Source: NSSO (2015)

Tables 2 and 2a present the percentage of households reporting consumption of rice and wheat from PDS in Tamil Nadu and India across the rural and urban areas in 2011-12.

**Table 2a: Percentage of Households Reporting Consumption of Wheat from Public Distribution System in Tamil Nadu and India, 2011-12**

MPCE class	Percentage of households reporting consumption of wheat from PDS				
	Rural		MPCE class	Urban	
	Tamil Nadu	India		Tamil Nadu	India
<=525	60.1	40.2	<=725	58.8	42.9
525 - 600	61.2	43.5	725 - 860	61.5	40.1
600 -720	68.7	39.5	860 -1090	70.0	34.4
720 - 825	65.2	37.5	1090 - 1295	64.3	32.8
825- 925	59.2	37.6	1295- 1510	57.7	25.7
925- 1035	68.9	36.0	1510- 1760	65.8	24.7
1035-1165	65.1	36.9	1760-2070	57.9	19.2
1165-1335	62.9	33.8	2070-2460	46.7	15.0
1335 - 1685	64.2	31.5	2460 - 3070	40.3	10.4
1685-2055	59.8	28.7	3070-4280	31.2	8.3
2055-2625	54.7	25.5	4280-6015	26.2	5.8
> 2625	45.3	22.0	> 6015	12.5	2.7
<b>All</b>	<b>61.8</b>	<b>33.9</b>	<b>All</b>	<b>49.0</b>	<b>19.0</b>

Source: NSSO (2015)

A comparison of these tables with tables 1 and 1a clearly indicates that an already high level of coverage of households in PDS further expanded in Tamil Nadu, while in India too the coverage increased considerably between 2004-05 and 2011-12. While the percentage of households reporting consumption of rice from PDS increased sharply from 79% to 89% in rural Tamil Nadu and from 48% to 67% in urban Tamil Nadu, in rural India it increased from 24.4% to 46% and in urban India from 13% to 23%. With respect to wheat there has been a dramatic increase in percentage of households reporting consumption increasing from 8.9% to 62% in rural Tamil Nadu and 10.7% to 49% in urban Tamil Nadu between 2004-05 and 2011-12. In spite of Tamil Nadu being a rice eating state, the offtake levels of wheat may be an indication of better access to fair price shops (FPS) as the number of card per FPS was 668 in Tamil Nadu against 486 in India in September 2009.

In India the percentage of households reporting consumption of wheat from PDS increased from 11% to 34% in rural areas and 5.8% to 19% in urban areas. While the coverage of households in PDS have increased in India, over 2004-05 to 2011-12, it is still only half of what has been achieved in Tamil Nadu. Other parts of India, reflected by the average all India figure, have a long way to go to match the extent of PDS coverage in Tamil Nadu. Across deciles classes, the percentage of households reporting consumption of rice from PDS in rural Tamil Nadu is above 90% up to the lower eight deciles whereas in All India it was not even half of it. In urban areas of Tamil Nadu also, percentage of households consuming rice from PDS up to the lowest four MPCE class was above 85% whereas in All India it was not even 40% (Table 2).

In addition to the data on percentage of households accessing rice and wheat from PDS, the actual quantum of purchase from PDS by households would indicate the extent of dependence of households on PDS or the importance of PDS in the overall consumption of people. Tables 3 and 3a provide this data on quantity purchased from PDS in 2004-05 and 2011-12 respectively.

In rural Tamil Nadu, the monthly average consumption of cereals per household from PDS was 15.7kg whereas in India it was 5.6kg only in 2004-05. The percentage of consumption

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of cereals from PDS to total consumption of cereals per month was 40% in Tamil Nadu whereas in India it was around 11% only. It is significant that in rural Tamil Nadu, in the first eight MPCE groups, cereals from PDS account for 40% of total cereal consumption in 2004-05. That is, across all MPCE groups in Tamil Nadu, PDS is seen to play a much greater role in comparison with India.

**Table 3: Monthly Consumption of Major Cereals (Rice + Wheat), in kg, per Household, 2004-05**

MPCE classes	Monthly Consumption of cereals from PDS (in kg) (a)	Monthly Consumption of cereals (from PDS+ other sources) (in kg) (b)	Importance of PDS to total consumption ((a) as a % of (b))	Monthly Consumption of cereals from PDS (in kg) (a)	Monthly Consumption of cereals (from PDS+ other sources) (in kg) (b)	Importance of PDS to total consumption ((a) as a % of (b))
	<b>Rural-Tamil Nadu</b>			<b>Rural-India</b>		
less than 235	12.31	22.53	54.64	9.16	47.61	19.24
235 - 270	19.39	33.54	57.81	8.10	55.56	14.59
270 -320	19.43	38.80	50.07	7.25	54.93	13.20
320 - 365	18.71	40.35	46.38	6.82	55.05	12.38
365- 410	18.01	39.26	45.87	6.26	53.93	11.61
410- 455	17.34	40.26	43.08	6.01	53.10	11.32
455-510	17.66	41.59	42.45	5.98	53.65	11.15
510-580	16.95	42.53	39.85	5.06	52.07	9.72
580 - 690	15.68	39.98	39.21	4.89	51.05	9.58
690-890	11.70	37.69	31.04	4.04	48.49	8.32
890-1155	9.88	38.72	25.52	3.18	45.93	6.92
1155 & above	7.80	33.87	23.02	2.64	44.43	5.94
<b>All</b>	<b>15.71</b>	<b>38.92</b>	<b>40.36</b>	<b>5.60</b>	<b>51.60</b>	<b>10.85</b>
MPCE classes	<b>Urban-Tamil Nadu</b>			<b>Urban-All India</b>		
less than 335	19.30	33.64	57.38	7.58	48.92	15.50
335-395	17.74	38.63	45.91	7.11	53.09	13.40
395-485	16.07	38.92	41.27	6.25	50.65	12.35
485-580	15.29	38.95	39.26	5.22	48.64	10.74
580-675	13.95	38.15	36.57	4.85	46.04	10.53
675-790	11.31	37.36	30.27	3.32	44.16	7.51
790-930	9.50	35.55	26.73	2.64	41.56	6.35
930-1100	7.91	31.76	24.89	2.11	38.68	5.46
1100-1380	6.30	31.28	20.12	1.42	35.06	4.05
1380-1880	3.59	28.76	12.48	1.03	30.83	3.33
1880-2540	1.50	28.75	5.21	0.47	27.69	1.69
2540 and above	0.52	17.38	3.02	0.32	23.43	1.37
<b>All</b>	<b>9.18</b>	<b>33.01</b>	<b>27.80</b>	<b>3.04</b>	<b>39.57</b>	<b>7.68</b>

Source: NSSO (2007)

**Table 3a: Monthly Consumption of Major Cereals (Rice + Wheat), in kg, per Household, 2011-12**

MPCE classes	Monthly Consumption of cereals from PDS (in kg) (a)	Monthly Consumption of cereals (from PDS+ other sources) (in kg) (b)	Importance of PDS to total consumption ((a) as a % of (b))	Rural-Tamil Nadu		Rural-India	
				Monthly Consumption of cereals from PDS (in kg) (a)	Monthly Consumption of cereals (from PDS+ other sources) (in kg) (b)	Importance of PDS to total consumption ((a) as a % of (b))	Monthly Consumption of cereals from PDS (in kg) (a)
<=525	22.48	31.74	70.83	19.22	54.75	35.11	
525 - 600	20.81	31.16	66.78	17.14	58.69	29.2	
600 -720	20.42	32.66	62.52	14.61	55.87	26.15	
720 - 825	20.68	36.39	56.83	13.06	53.12	24.59	
825- 925	19.85	33.9	58.55	12.23	52.92	23.11	
925- 1035	21.36	37.14	57.51	11.6	49.77	23.31	
1035-1165	19.1	35.46	53.86	11.14	47.32	23.54	
1165-1335	19.48	34.17	57.01	10.59	45.44	23.31	
1335 - 1685	16.15	31.23	51.71	9.64	43.34	22.24	
1685-2055	15.07	33.61	44.84	8.22	40.86	20.12	
2055-2625	12.65	31	40.81	6.97	37.13	18.77	
> 2625	10.44	26.98	38.7	5.39	34.59	15.58	
<b>All</b>	<b>18.1</b>	<b>33.25</b>	<b>54.44</b>	<b>11.07</b>	<b>47.13</b>	<b>23.49</b>	
MPCE classes	Urban-Tamil Nadu			Urban-All India			
<=725	21.7	31.42	69.06	14.62	52.63	27.78	
725 - 860	20.61	33.78	61.01	12.41	49.68	24.98	
860 -1090	20.87	34.82	59.94	10.14	46.51	21.8	
1090 - 1295	17.3	32.57	53.12	8.97	44.14	20.32	
1295- 1510	15.08	30.61	49.26	7.03	40.04	17.56	
1510- 1760	15.84	30.94	51.2	6.58	37.34	17.62	
1760-2070	13.2	29.02	45.49	5.25	36.52	14.38	
2070-2460	10.78	27.09	39.79	3.76	32.56	11.55	
2460 - 3070	8.87	27.1	32.73	2.49	29.65	8.4	
3070-4280	6.33	23.68	26.73	1.8	26.36	6.83	
4280-6015	4	18.44	21.69	1.04	23.54	4.42	
> 6015	3.21	15.96	20.11	0.61	17.21	3.54	
<b>All</b>	<b>12.44</b>	<b>27.77</b>	<b>44.8</b>	<b>5.2</b>	<b>34.33</b>	<b>15.15</b>	

Source: NSSO (2013)

Comparison of tables 3 and 3a clearly bring out the increased importance of PDS for consumption of cereals, in 2011-12. It is very significant that while the absolute quantity of monthly consumption of major cereals (rice and wheat) in 2011-12 has declined across all size classes compared to 2004-05, except the lowest MPCE in rural Tamil Nadu, the monthly cereal consumption from PDS has increased in all size classes in Tamil Nadu and all India. Given this pattern, the percentage of total cereal consumption through PDS purchase to overall cereal consumption, has increased across all deciles. While the importance of PDS in monthly consumption of cereals has increased in Tamil Nadu as well as all India, the level of importance is much higher in Tamil Nadu.

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Cereals from PDS accounted for half to two thirds of total cereal consumption in the case of lowest four deciles in rural and urban Tamil Nadu, while the corresponding figures for all India were significantly lower.

To sum up, the above analysis clearly indicates that 89% of rural households and 67% of urban households purchased rice from the PDS in Tamil Nadu in 2011-12 as against 46% and 23% in the country as a whole. Going by these figures, we can say that Tamil Nadu's experience reflects what one may call as a 'best case scenario', with universal entitlements, while the pattern exhibited in the country reflects the result of a targeted approach in PDS.

Further, the quantity of cereal consumption from PDS per month per household was 18kg in rural areas and 12kg in urban areas in 2011-12 in Tamil Nadu as against 11kg and 5kg in India. That is, the proportion of cereal consumption from PDS to total consumption of cereals was around 54% among rural households and 45% among urban households in Tamil Nadu while the corresponding percentage in India were 23 and 15. Moreover, in Tamil Nadu, the dependence on PDS for cereals among the bottom deciles is significantly visible. The quantity of consumption from PDS is related to the issue price of the grain in PDS, eligible quota, availability of outlets as well as management of the entire PDS system. With increasing food prices, between 2004-05 and 2011-12, more number of households were likely to buy from the PDS provided they had access to PDS. However, the efficiency and reach of PDS was achieved in Tamil Nadu not only due to the subsidised prices or free distribution of PDS items but also due to interplay of various management aspects adopted by the Government of Tamil Nadu. Our analysis has clearly showed that the consumption of cereals from PDS across all MPCE deciles has increased, in the context of prevailing high food prices. Tamil Nadu has the lowest foodgrain prices in the PDS (GoTN 2003). Although currently rice is distributed free of cost, the price in 2004-05 was Rs 3.5 per kg Tamil Nadu has been recognised as the state with least leakages at the fair price shop level (Planning Commission 2005).

According to document of the Government of Tamil Nadu, almost 95% of the PDS shops in the state are run by cooperatives/government. 99% of taluks have their own godowns. An online monitoring system with GPS to track foodgrain movement is implemented in the State. The state of Tamil Nadu also has a unique system of mobile fair price shops to serve remote areas (Government of Tamil Nadu 2009).

### **Conclusion**

Thus, the State's policy of maintaining a universal PDS (coverage as well as uniform pricing) against the Central Government Policy of targeting has undoubtedly benefited relatively larger sections of population. Given all these factors, the Government of India may do well to deliberate on the HLC's recommendations of reducing the coverage from 67% to 40% particularly in the context of declining per capita cereal consumption in the country.

### **Authors' Note**

This manuscript is the authors' original work, has not been published and is not under consideration for publication elsewhere.

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