

## ***Existing Central Food and Fuel Subsidies for Targeted People***

The Government of India (GOI) is providing direct subsidy in the form of supply of essential commodities at multi-level discounted prices to the various categories of short-listed people through its Targeted Public Distribution System (TPDS), with a view to provide livelihood support to its needy and poor citizens. Though these subsidies are mostly targeted towards people belonging to the *BPL* category and the *Antyodaya* category who have been allowed to buy wheat, rice, sugar, and kerosene through the TPDS but people of the *APL* category are also allowed to enjoy substantial discount with respect to open-market prices, on the purchase of food-grains (wheat and rice) through the TPDS. The following table is compiled with a view to project an overview of the total quantum of subsidies, being provided by the GOI through its TPDS, to the three main broad categories of people:

### Computation of Net Subsidy Per Person

Category of the People	Commodity Entitlement* per person per month	Net subsidy per person per month (Economic Cost-Central Issue Price)**
<i>APL</i> Families (Per person Income > : Rs.356/- and Rs.538/- p.m., in Rural and Urban Areas, respectively)	Wheat/Rice: 7 kg (3 kg wheat & 4 kg rice) Sugar: NIL Kerosene: NIL	3 kg wheat: $(13.713-6.10) \times 3 \approx 23$ 4 kg rice: $(15.726-7.95) \times 4 \approx 31$ <b>Total Subsidy <math>\approx</math> Rs.54/-</b>
<i>BPL</i> Families (Per person Income $\leq$ : Rs.356/- and Rs.538/- p.m., in Rural and Urban Areas, respectively)	Wheat/Rice: 7 kg (3 kg wheat & 4 kg rice) Sugar: 0.5 kg Kerosene: 1.2 litres	3 kg wheat: $(13.713-4.15) \times 3 \approx 29$ 4 kg rice: $(15.726-5.65) \times 4 \approx 40$ 0.5 kg sugar: $(21.5^{\$}-13.5) \times 0.5 \approx 4$ 1.2 litre kerosene: $(36^{\$}-9) \times 1.2 \approx 32$ <b>Total Subsidy <math>\approx</math> Rs.105/-</b>
<i>Antyodaya</i> Families (Poorest families among <i>BPL</i> Category)	Wheat/Rice: 7 kg (3 kg wheat & 4 kg rice) Sugar: 0.5 kg Kerosene: 1.2 litres	3 kg wheat: $(13.713-2.00) \times 3 \approx 35$ 4 kg rice: $(15.726-3.00) \times 4 \approx 51$ 0.5 kg sugar: $(21.5^{\$}-13.5) \times 0.5 \approx 4$ 1.2 litre kerosene: $(36^{\$}-9) \times 1.2 \approx 32$ <b>Total Subsidy <math>\approx</math> Rs.122/-</b>

\* Per person entitlement is computed, considering five persons per family.

\*\* Economic Cost and Central Issue Price of wheat and rice have been taken as per the GOI *Economic Survey*, 2007-08.

<sup>§</sup> Estimated economic cost to the Government.

The subsidy bill of the GOI for the year 2008-09, on account of distribution of food-grains and kerosene through the TPDS, is estimated as under:

Subsidy on food-grains:	Rs.440 billion (approx.)*
Subsidy on kerosene:	Rs.216 billion (approx.)**

\* Source: Revised estimates in Interim Budget for 2009-10.

\*\* Source: Paris-based International Energy Agency which computed that India had spent about \$4.8 billion (\$1=Rs. 45) on kerosene subsidy in 2007 (Source: *Business Standard* dated 14<sup>th</sup> May, 2008), and assuming that violent fluctuations in prices of petroleum products will roughly entail same amount of subsidy, in the financial year 2008-09, too.

Note: Burden on account of sugar subsidy is not being projected mainly because it is minuscule in comparison to burden of subsidy on the food-grains and kerosene, distributed through the TPDS, and secondly because it often fluctuates far and wide from the estimates.

**It has been very well researched and established that a lot of subsidies provided by the Government through the TPDS do not reach the targeted people. The Government admitted in the Lok Sabha on the 21<sup>st</sup> April, 2008 (Source: [www.empowerpoor.com/print.asp?report=742](http://www.empowerpoor.com/print.asp?report=742)) that 102.8 million BPL household cards had been issued whereas Planning Commission of India has estimated that there are only 65.2 million BPL households in the country, thus more than 35% BPL cards seem unauthorized. Government keeps on taking steps to initiate action against the unauthorized BPL cards but many more such BPL cards keep on surfacing, and the process continues without any improvement in ground realities.**

It is estimated that about 40 percent of the total food-grains earmarked for distribution to BPL cardholders through the

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TPDS, reach non-targeted destinations. Similarly, about half of the total kerosene earmarked for the *BPL* cardholders reach black market, a substantial portion of which is used for adulteration with diesel. The diversion of kerosene to black-market not only generates substantial black-money impairing the overall economy of the country, along with its associated perils, but also badly degrades the environment of the country resulting in serious health hazards for the all concerned.

Besides the aforementioned leakages and rampant corruption prevailing in the TPDS of the country, the poor across the country also do not receive centrally granted subsidies in equal measure. Even the Government data as projected in the following table shows that some of the states of the country with higher percentage of poor people receive per person less government subsidy in comparison to other progressive states which have lower percentage of poor people.

**Allocation of Central Subsidies vis-à-vis  
Population Below Poverty Line**

States (sample cases)	Percentage of total food subsidy for TPDS (average of 2005-06 & 2006-07)	Percentage of total people below poverty line in the country	Ratio of percentage of subsidies and percentage of persons below poverty line
1	2	3	4
Bihar	3.5	12.2	0.3
Punjab	0.4	0.7	0.5
Jharkhand	2.4	3.9	0.6
Rajasthan	2.8	4.5	0.6
Madhya Pradesh	5.5	8.3	0.7

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
Uttar Pradesh	14.8	19.6	0.8
...	...	...	...
...	...	...	...
Delhi	1.3	0.8	1.8
Kerala	3.3	1.6	2.0
Tamil Nadu	11.4	4.8	2.4
Andhra Pradesh	10.2	4.2	2.4

Source: *Economic Survey* 2007-08.

The above table shows that even the state-wise allocation of central subsidies, is not commensurate with the respective poverty level of these states. Ideally, this ratio should be one; thereby implying that the percentage of the total subsidy granted to a state from the central pool is proportional to the percentage of the total people of the country living below poverty line in that state. This mismatch occurs because offtake of food-grains under the TPDS is much higher in those states which are able to manage the TPDS in a better way. **Therefore, in view of the above, it can be said that the existing TPDS is also not delivering desired results as far as equitable distribution of resources among people of the country is concerned; besides deeply embedding the culture of corruption in public life, which starts with the process of identification of the BPL families, continues with procurement, storage, and transportation of food-grains, and ends with diversion of significant quantity of food-grains and kerosene meant for the TPDS into the black market.**

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## ***Livelihood Support to All***

To obviate the existing problems of the TPDS, it is proposed that minimum requirement of essential commodities, which can support livelihood of an ordinary person, should be provided to every citizen of the country through the NID smart-cards. Total expenses for supply of such articles are estimated below:

1. Say, 200 grams of food-grains (wheat or other cereals), like, rice, maize, *jowar*, *bajra*, etc., of equivalent monetary value, per person per day, should be provided to all the people of the country. It means that food-grains entitlement for every person will be 6.0 kg per month or 72 kg per person per annum, which is nearly around the existing quota of 7.0 kg per person per month in vogue for all the three main categories of people of the country as shown on page 37 in the table "*Computation of Net Subsidy Per Person*". The *Economic Survey* for the year 2007-08 stated that the net availability of cereals per person per day in the country was 412 grams, **thus 200 gram cereals may not be sufficient for fully sufficing requirements of the people but still it can meet requirements of food-grains (cereals) of the people reasonably, thus eliminating the fear of starvation and hunger for one and all for ever.**

Further, people can supplement their remaining requirements of food-grains through purchase from the open market. It has been found out that sometimes

people of the BPL category do not earn enough which could enable them even to lift their monthly quota of food-grains through the TPDS ration-shops. Thus, severely marginal people of the country will be immensely benefitted from the free of cost availability of food-grains to all.

Considering the total population of the country to be 1.1 billions, about 79.2 million tons of cereals would be needed per annum to supply 200 grams of cereals per person per day. As per the *Economic Survey 2007-08*, expected gross production of cereals in the year 2007-08, should be 205 million tons. If we further set aside 12.5% from the gross production for making provision for seeds, animal feed requirements, and wastage, we are left with net production of 179.4 million tons of cereals in the country.

Therefore, in view of the sufficient availability of food-grains in the country, 79.2 million tons of cereals, as computed above for delivery to the people, will be easily available for distribution. And in case of its short-fall due to any unforeseen circumstances, the same can be imported. Further, there would be many categories of people, which might not be interested in lifting their quota of cereals through the government sponsored network, like, (a) farmers who themselves produce cereals, (b) upper income group people, who would like to purchase premium quality of cereals through open-market besides being too busy to spend their time in getting their quota of food-grains through the NID smart-cards, which would require bio-metric identification, (c) people who consume less cereals owing to their eating habits, etc. Thus, total quantity

of cereals which will eventually get distributed, may be somewhat lower than the above computed upper limit of 79.2 million tons.

Considering existing economic cost to the GOI for wheat as Rs.13.713 per kg and stipulated annual quota of 72 kg of food-grains, for every individual, the GOI will have to incur a total cost of Rs.987/- or say Rs.990 per person per annum to supply 200 gram cereals per person per day.

2. Pulses, too, have a significant nutritional value for balanced growth of human beings. Presently, pulses are not being distributed through the TPDS of the GOI. It is proposed that pulses should also be made available to the people through the government sponsored distribution network. As per the *Economic Survey* (2007-08), per capita per day availability of pulses in the year 2005-06 was 32.5 grams, whereas net availability of pulses in the entire country was 13.3 million tons. In view of the above, say, 0.5 kg per person per month or 6 kg per person per annum (that is about 17 grams per person per day) *Gram* or any other pulse of equivalent monetary value, like, *Arhar, Moong, Urad, Masur, etc.*, should be sanctioned for free distribution among all the people. It will entail annual distribution of about 6.6 million tons of pulses for 1.1 billion people, which should be easily available to the GOI in view of the net availability of 13.3 million tons as pointed out above. Also, many people may not like to lift their quota of pulses through the government sponsored distribution channel, as already explained above, thus the total quantity of pulses which will be eventually required for public distribution will be less

than the above projected upper limit of 6.6 million tons of pulses.

Considering the economic cost of say Rs.2500/- per quintal of *gram* in view of the prevailing market prices, though minimum support price of *gram* as fixed by the GOI for the year 2007-08 is Rs.1600/- per quintal (Source: *Economic Survey 2007-08*), the GOI will have to incur a total cost of Rs.150/- per person per annum on account of supply of 6 kg of pulses per person per annum.

3. Another significant item which is essential for the preparation of wholesome meal is edible oil though it does not come under the purview of the TPDS. In India, in the year 2002-03, per person per annum availability of edible oil and *vanaspati ghee* (hydrogenated vegetable oil) was 7.2 kg (approx. 8 litres) and 1.4 kg (approx. 1.5 litres), respectively (Source: *Economic Survey 2007-08*, it does not mention figures for later years for this head).

In view of the above, say, 250 ml of edible oil per month, i.e., 3 litres per annum can be made available to every citizen. Now, assuming economic cost of around Rs.60/- per litre for edible oils, the GOI will have to incur a total cost of Rs.180/- per person per annum for providing 3 litres edible oil free of cost.

4. The GOI remains worried that due to the low intake of iodised salt, a lot of people remain at high risk of brain damage due to iodine deficiency. It is estimated that in India, only 50 percent of the households consume adequately iodised salt, while another 30 percent of the households consume inadequately iodised salt, and the remaining find themselves

deprived from iodised salt. The GOI has targeted to ensure access of iodised salt to all the citizens by the year 2012. To achieve this objective, it is proposed that a pack of 250 gram salt enriched with iodine can also be supplied per person per month. Its total cost per person per annum will be around Rs.10/- only, thus the total outgo on this head will be around Rs.11 billion per annum.

5. Support of another Rs.20/- per person per month can be given for fuel expenses, say, in the form of 0.5 litre kerosene oil, since it is extensively used for lighting purposes in far flung rural areas where electric power connectivity has not reached, yet. Surplus kerosene can also be used by these people as a fuel, if required. However, those who do not need kerosene can be supplied some other commodity in lieu thereof. Thus, the GOI will have to incur further expenses of Rs.240/- per person per annum for the above suggested provision for fuel.
6. I suppose, if we are able to meet out the minimum requirement of cloth of the people, too, it will more or less complete the entire range of the most essential basic commodities which are required by the human beings to carry on with their lives. For meeting the requirements of cloth, it is proposed that the following support can be provided for one and all:
  - (a) One saree/five meter cloth, say, worth Rs.100/- per annum.
  - (b) One mosquito net or light blanket as per the requirements of the people, say, worth Rs.100/- per annum.

Thus, if we could provide a total support of Rs.200/- per person per annum for the clothing requirements of the people, it will at least cover bodies of one and all. It will also spare the country from the ignominy of such cases where it was reported in media sometime earlier that more than one female of a household could not step out of their house/hut together for meeting the media persons because these poor women had only one *saree* among them, which they were sharing turn by turn.

### **Total Expenses on Livelihood Support to All**

It we add up expenditure on the aforesaid five counts, we find that a total sum of Rs.1770/- (990+150+180+10+240+200) will be required per person per annum, which can sustain survival of every vulnerable citizen of the country without explicit dependence on any other support and thus will save them from cruel exploitation at the hands of the rogue and the powerful in the country. If we consider total population of the country as 1.1 billions, the aforesaid livelihood support to every citizen will entail an expenditure of Rs.1947 billion per year to the GOI, which can effectively eradicate abject hunger and poverty from the life of every individual of this country for ever. Moreover, eradication of hunger and poverty is also the first among the United Nations Millennium Development Goals.

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## *Disbursal of Essential Commodities*

First of all, let us consider those people, who would not like to lift their quota of essential commodities through the government sponsored network. Mainly, these people would comprise three categories: (a) elite population, who can be given option to avail reimbursement of the full value of their entitlement for their quota of commodities through income-tax adjustments, (b) farmers who themselves produce food-grains, they can be adjusted for their entitlement by way of supply of fertilizers so that food production also gets a boost or they can be paid back in terms of other commodities, if they so desire, and (c) people of those areas who consume less food-grains due to their eating habits but also do not file their income-tax returns due to their overall low income, these people can also be compensated in form of other essential commodities of equivalent monetary value. Thus, I mean that the government support should be extended to one and all by the same amount but reimbursement of their entitlement in terms of cash should be made only to those who file their income-tax returns. I feel it will safeguard interests of the people belonging to the marginal and the weaker sections more effectively.

Some intellectuals, social scientists, and planners, argue that due to the huge cost of maintenance of the TPDS scheme run by the Government, besides the inherent corruption and pilferages in supply of essential commodities to the targeted people, which has accentuated further due to multi-level pricing of food-articles (one for open market, another for *APL* category, yet another for *BPL* category, still another for

*Antyodaya* category and so on), supply of food-articles and kerosene through the TPDS should be stopped altogether. It is further argued that in lieu of the above, the people belonging to the *BPL* category (whose family's per capita per month income is up to Rs.356/- in rural areas and Rs.538/- in urban areas, respectively) should be given food and fuel-coupons or simply cash-vouchers from which they can buy food-grains and fuel from the open market.

The underlying principle for the above is that the multi-level discounts offered to the different categories of people for food-articles, should be abolished, and in lieu of it, simple cash transfer should be carried out for the targeted people. Proponents of cash transfer argue that it can cure the ills plaguing TPDS of the GOI and the huge savings accruing on account of scrapping of the TPDS can be ploughed back in the system, thereby increasing the level of benefits to the poor.

The aforesaid contention raises two basic issues (a) multi-level pricing of food-articles should be abolished and in lieu thereof food-coupons and fuel-coupons should be issued to the poor people and (b) the TPDS should be scrapped as it is inefficient and hugely expensive. I understand that the aforesaid two issues can be addressed better by pursuing a different approach as described below.

### **Food-Coupons and Fuel-Coupons Not Desirable**

As far as issuing of food and fuel-coupons is concerned, I lodge my strong disagreement to it. I plead that cash-coupons or something like this should never be distributed at least to those who are not able to meet out their most basic requirements pertaining to food, cloth, and fuel. Because when cash enters into households through any means, be it

wages of the men or be it earnings of the women-folk or be it even stipend awarded to the school-children, under various welfare schemes run by the Government or other social welfare organizations, generally, men of the households exercise greater control over it. And often such cash ends up in liquor shops and in the process the households remain deprived of the optimum use of that cash. **Recently, our Hon'ble President, Pratibha Devi Singh Patil also spoke about the social evil of alcohol addiction. She recalled her past experience as Minister of Social Welfare in the early 1970s, that about 50 percent poor, who were given work under the then Employment Guarantee Scheme of Maharashtra Government, squandered money in drinks and gambling. The President recalled, "For the removal of poverty only giving money is not adequate ... If 50 percent are in this atmosphere, how will we remove poverty?"** (Source: *The Hindu* dated 8<sup>th</sup> January, 2009). Although, it cannot be guaranteed that essential commodities distributed through the government sponsored network, may not meet the same fate of misuse at the hands of the men-folk of the households, but its likelihood is much less. **Moreover, when the food-grains and other essential articles are distributed through the NID smart-cards, with bio-metric identification, female and children will also have obvious feeling of empowerment and self-esteem which cannot be subdued easily by the liquor-thirsty men of their households.**

Besides the above pitfalls, there is also another apprehension of counterfeiting of food and fuel-coupons. When the currency notes and the judicial stamps are not safe from counterfeiting in the country then as to how one can tackle additional similar instruments without inviting more risks and corruption in the whole system.

### **Revamp the Existing TPDS (With the Help of Private Retail-Chains)**

In view of the above, I propose that the theme of the TPDS should not be discarded altogether instead it should be replaced by another efficient food distribution network which encompasses the entire population of the country. Its biggest advantage would be that it will also help in stabilization of food prices. Another significant advantage of universalizing livelihood support to every citizen would be that it will cover upper class people of the country, also, and thus its implementation would also be on a much better scale. It was once aptly said by Mr. Biraj Patnaik, Principal Advisor to the Office of the Commissioners of the Supreme Court, that **“A scheme that is only for the poor remains ‘poorly implemented’ as the voices of the poor are always drowned”**. Further, by universalizing livelihood support to all the people, the need of classifying people in various categories, like, *APL*, *BPL*, *Antyodaya*, etc., will die down of its own, and along with it, the ghost of corruption in targeted public distribution system (TPDS) will also disappear.

For controlling the cost regarding distribution of food-grains to all the people, which will entail distribution of about 79.2 million tons of cereals and 6.6 million tons of pulses, the GOI must rope in private retail-chains. As per the government data, total procurement of cereals for the central pool account of the GOI has varied between 35.8 million tons and 42.4 million tons during 2003-04 to 2006-07, whereas total offtake of cereals through the TPDS as well as through other welfare schemes of the GOI during the same period varied between 36.7 million tons to 41.1 million tons. Thus, for the procurement and distribution of 79.2 million tons of cereals and 6.6 million tons of pulses, which are almost double of the existing quantity

of food-grains which are being handled by the government agencies, the need of the private retail-chains seems essential, simply because the existing set up of the government machinery just cannot handle this mammoth task satisfactorily. Besides the above constraints in logistics support, maintenance of the existing TPDS of the Government is also proving to be a hugely expensive proposition with a lot of wastage in the whole process.

**I would appeal that none should make the mistake of even suggesting that the existing TPDS of the GOI should be expanded further, by increasing the role of the Food Corporation of India and other government agencies, for meeting additional demand of distribution of food-grains and other commodities to the people, instead, the GOI should rope in private retail-chains to meet out the additional demand arising out of the need to distribute food-grains and other commodities to all.** If deemed fit, even some work of the existing TPDS can also be transferred to these private retail-chains. Because when the GOI could not revamp its existing TPDS which is infested with inefficiency, wastage, and corruption then the notion of its handling of even a bigger distribution network with more than double the size of the existing TPDS poses a big question mark. The existing network of the TPDS could be built in decades and at the moment there is need to create still bigger distribution network which should also be operational as soon as possible, thus, the need of private retail-chains in public distribution of food-grains is all the more inevitable, now.

In fact, it is impossible to imagine a sector in our country, which is fully regulated by the Government and still runs efficiently. In contrast, take the example of sectors, like, the IT, the Automobile, the Pharmaceutical, and the

Telecommunication, which have been opened up for participation by the private players, and in all these sectors, the country has witnessed a tremendous growth after they were freed from the clutches of the government control and opened up for private participation. Now, these sectors are being dominated by the private companies, whose main promoters are the Indians; these are the companies which have been instrumental in increasing prosperity of the nation as well as projecting name of the country on the technological map of the world.

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**The following is narrated with a view to demonstrate the role played by privatization in alleviating problems of the common man.**

Here, I narrate a personal experience to portray as to how opening up of the telecom sector of the country to private players, has tremendously benefitted the entire country, in a manner which was almost unimaginable only a few years back:

Way back in August, 1976, just after passing my B.Sc. examination, I had gone to Bombay (currently Mumbai) from Agra, for appearing in an interview for selection as an entry-level scientific officer in Bhabha Atomic Research Centre (though I could not succeed there). In Bombay, I was putting up with one of my respected acquaintances, who himself was then working as a Senior Scientist at the Bhabha Atomic Research Centre. During those days, owning a telephone connection was considered as a status symbol, as they were not routinely available to all. My host also did not have a telephone connection at his home but one of his neighbours had a telephone connection. During those days, the Post and Telecommunication Department (P&T Dept.) of the GOI was the sole provider of telephone services in India.

Since, I was away from my home for a long duration, for the first time, my mother was anxious to know about my welfare; more so because my father had passed away just three months before and I was the eldest child of the family. My mother was able to obtain telephone number of the aforesaid neighbour of my host. Thereafter, my mother contacted one of my uncles in Agra, who also happened to own a telephone connection, though without STD facility. Thus, for executing a telephonic call to Bombay, my mother had to book for it through the District Head Office of the P&T Dept. After a long wait, when her turn came, she was connected to the telephone number of the neighbour of my host at Bombay. Since I was not available at the place of my stay at that time, my mother left a message with that gentleman that I should be ready around 9.00 p.m. when she would attempt to make another telephone call.

After receiving the message, all of us sat near the telephone much before 9.00 pm so that I did not miss the second call, too. After some wait, I received the telephone call from my mother. But due to the excitement, we prolonged the conversation and in the process, my mother forgot that she was supposed to finish the conversation early, I suppose time limit was 3 minutes. May be, the telephone operator, who connected the STD call and perhaps who was also overhearing the conversation, sensed that the allowed time for telephonic call would end soon and thus reminded us during the call that the allotted time for conversation was nearing its end, and as such, we should finish our conversation early. It implied either we end up our conversation soon or he will snap it at his end, may be the telephone operators used to be under pressure to clear the queue of the people, waiting to make STD calls.

Those were the times, when for making STD calls, one had to face innumerable obstacles. Now, see the change when

private players have also been allowed in the telecom sector and because of their entry in the arena of telecommunication, state-owned telephone service providers, viz., BSNL and MTNL, have also changed beyond recognition in comparison to their inglorious past. Now, besides steep reduction in tariff for telephone calls, inconveniences of the people have also been reduced drastically. I remember that during earlier times, there used to be a waiting-period of more than five years for obtaining a telephone connection, for the ordinary people. Now, witness the difference when one can obtain a telephone connection with unlimited connectivity in less than 5 minutes, provided one is ready with necessary documents.

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**Therefore, one can say confidently that the GOI should meet the additional demand of distribution of food-grains and other commodities to the people with the help of private retail-chains, only then the scheme of things will pan out efficiently for the mass welfare of the people in the most cost-effective manner.** And for the purpose, the Government should consider for revamping the existing TPDS system as illustrated below.

### **Universal Public Distribution System**

To provide food-security to the people, without hassles, the Government should outsource the job of distribution of food-grains and other essential commodities (meant for providing basic comprehensive social security support to all the citizens), partially or completely, to the large private retail-chains, which are slowly maturing in this country. And the entire public distribution system so created may be termed as Universal Public Distribution System (UPDS). Additional

quantity of food-grains at market determined prices or other commodities can also be sold through these private retail-chains, if needed. Currently, also, the TPDS of the GOI operates with the help of about half-a-million private ration-shops, whose owners get quota of food-grains for the ration-card holders, registered with them, through designated government warehouses. So the existing TPDS system, too, is driven with the help of private participation. Everyone knows that the present TPDS system of the country is deeply entrenched with corruption, resulting in sub-standard supply of food-grains, short-weighing of food-grains, and irregular supply of commodities to the intended beneficiaries. Besides the above, it is a proven fact that the supplies meant for the TPDS are diverted to open market for black-marketing, and as per some estimates, up to half of the supplies meant for distribution through the TPDS are misused, causing loss of several hundred billions annually to the government exchequer as well as depriving poor people from the desired benefit of distribution of the subsidized food-grains through the TPDS. The government machinery cannot initiate result-oriented action against so many gray-areas and against so many involved persons, and whenever it initiates investigations, another wave of corruption starts which engulfs investigators, too. So, it appears that the optimal strategy will be to allow large private retail-chains along with the existing ration-shop owners, to take up the distribution of food-grains and other commodities meant for providing basic comprehensive social security (CSS) to the people, with the stipulation that these commodities are to be distributed in transparent and sealed packets with the date of packing and weight mentioned thereon. This distribution system coupled with delivery of essential commodities via NID smart-cards will have several benefits, some of which are listed below:

1. Corruption in supply of essential commodities meant for the basic CSS can be minimized up to zero level.
2. The Government would be saved substantially from the trouble of creating additional infrastructure for distribution of enhanced quantity of food-grains and other commodities besides arranging training for the people for the added responsibility.
3. Quality control with regard to distribution of food-grains and other commodities can be undertaken with greater ease and effectiveness. Also, the Government can have much better supervisory control over private retail-chains and this will have cascading effect in improving the efficiency as well as service of the existing ration-shop owners, too, who have so far been insulated from market forces, due to absolute government control and regulations, leaving no choice for the consumer but to obey the dictate of the owner of the ration-shop with whom he/she was registered.
4. In case of droughts or floods or other natural calamities, these private firms can also augment government's efforts in providing quick relief supplies to the affected people in much more organized manner as well as with amazing efficiency. Thus, eliminating possibilities of mass starvation deaths, even in the eventuality of big calamities. Because as per the economists, generally, the deficiency in distribution of food-grains has been found to be the main cause of mass starvation deaths, instead of the shortage of food-grains which is the usual perception in such cases.
5. Another advantage would ensue in terms of speedier redressal of grievances of the people with regard to

poor service in distribution of food-grains and other commodities, which is not possible, currently. Because in case of complaints against large private retail-chains in distribution of essential commodities, the media, too, will be proactive and zealous in turning spot light on the areas of concern. Consequently, the Government will be in a better position to tighten screws against such defaulting private firms much more quickly and decisively than its present capability to initiate any meaningful action against about half-a-million scattered ration-shop owners. Further, the people can also be allowed to choose their food-grains supplier, in the same way, they are allowed to choose their telecom service provider, this provision will itself act as a potent weapon in the hands of the people to demand better services from their commodity supplier, whether they be private retail-chains or the existing ration-shop owners.

6. The biggest advantage of roping in private retail-chains in distribution of food-grains and other commodities would be that national wastage in transportation, storage, and distribution of food-grains can be minimized. These private firms can be mandated to create adequate storage capacity and lift the annual quota of food-grains through farmers directly or through Food Corporation of India immediately after the harvesting season, thereby, significantly easing storage problems for the Government. Presently, a lot of food-grains rot under the open sky or are eaten away by the rodents or are rendered unfit for consumption due to worms, for want of adequate storage facilities as well as callous attitude of the Food Corporation of India. Because as

per the existing policies, Food Corporation of India is reimbursed for the total expenses incurred by it in procurement as well as in management of food-grains for distribution all over the country. In the changed scenario, the Food Corporation of India and private ration-shop owners will have to compete with private retail-chains, thus they will also ramp up their efficiency as is being witnessed with the BSNL and the MTNL, the government-owned telecom service providers, which have also improved a lot, after the entry of private telecom companies in the fray. Thus, it will shake-off the veil of complacency from the existing network of ration-shop owners, Food Corporation of India, and other government agencies or else they will be knocked out by the competition from the private retail-chains. And this improved productivity on the part of all concerned will benefit the entire country, in general, and marginal people of the country, in particular, who are suffering the most in this inefficient and corrupt environment and whose feeble voice remain unheard in the din of the sparkle and glamour of the privileged few of this country.

One should not jump to point out that by roping in large private-retail chains, employment opportunities for private people will diminish. On the contrary, employment opportunities will increase a lot more for the masses. Because these private-retail chains will also have to employ people for procurement, storage, transport, as well as distribution of food-grains. The only difference would be (a) that their distribution network will be much more efficient and thus cost-effective and (b) that the money-making through black-marketing of food-grains will be checked significantly. These measures will reduce overhead expenses on distribution of food-grains and

other commodities, also, thereby enabling the Government to further enhance quantum of assistance for the people, which will serve the cause of mass welfare of the people of the country, against which no one should have any grudge.

**I will end this topic with the remark that the feeling of uninterrupted supply of food-grains and other essential commodities to every person will tantamount to a huge confidence building measure as well as assurance to him/her that he/she can re-construct his/her life even if he/she loses all of his/her resources by any calamity, like, fire or earthquake or flood or job loss or disabling illness or separation from family or any other major accident which can snatch away livelihood support for that individual. Thus, the GOI must strive; come what may; to meet out these basic essential requirements of all the people of the country, in a satisfactory manner and as early as possible, if it claims to care even a bit in the true sense for the welfare of the masses of this country.**

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