Public Distribution System (PDS) reforms in Chhattisgarh

Vikas Sheel, IAS
Secretary,
Government of Chhattisgarh
A bit about PDS –
  - Why?
  - How?

Status in 2004

Reforms phase – 1

Reforms phase – 2

Current Status

Lessons
Public Distribution System

- Distribution of subsidized rations food-grains (rice & wheat), sugar & kerosene to identified poor through licensed Fair Price Shops (FPS)
- National Food Security Act, 2013 – implementation through PDS.
PDS – How?

- Beneficiary is given a ration card.
- Attached to a particular shop.
- Government Agency procures.
- Shops buy from the Agency and sell to the beneficiary, every month.
PDS – How?

- Shop and Agency keep records of stocks and sales.

- Monitoring by District Administration & officials of Food & Civil Supplies Department.
Problems - 2004

- Diversion/leakages –
  - Limited reach
  - Fake ration cards
  - Unviable FPSs
- Inefficiencies –
  - Delay in monthly allocation
  - Delay in lifting and transportation
- Lack of accountability at all levels
  - Lack of community participation
  - Lack of transparency
The party in power lost a prestigious Assembly by-election.

The Chief Minister Dr. Raman Singh acknowledged
- “We lost because PDS was not up to mark”
Chhattisgarh

- Population 25.9 million (2011)
- 9th largest in area
- >50% area under forests
- Poverty – 42.52%
- Ethnic population – 32 % + SC population 12%
20000 villages – 6000 rural shops.
2.1 million beneficiaries.
800,000 poorest of the poor – (AAY).
A sense of hopelessness and cynicism.
PDS reforms Phase - 1

- Legal reforms
- Structural reforms
- Financial reforms
- Use of IT and End-to-End computerization of TPDS
De-Privatization –

- Cancellation of privately run 2,872 FPS.
- Shops to be run only by PRIs, SHGs, PACS\LAMPS, FPCs or urban local bodies.
Structural reforms

1. Outreach increased – 1 shop per Panchayat.

1. Improved upward linkages – Decentralized Procurement of rice.

2. Doorstep delivery – CGSCSC to transport directly to all FPS. Elimination of middle level lead agencies.
Improving viability of FPS –

- Interest-free working capital loan of Rs 75000. Payable in 20 years in EMIs.
- 1 month stock on credit (except kerosene).
- Commission on food-grains and kerosene increased.
Expansion of PDS

- Coverage extended to 1.4 million extra families
- Iodized salt introduced in PDS
- States own subsidy bill - $300 million.
- Stakes – raised.
End-to-End Computerization of PDS

- Computerization of ration cards
- Computerization of supply chain management.
- Computerization of FPS – COREPDS. (Phase – 2)
Database prepared in 2007.

Only cards printed from the database (with hologram & barcode) – recognized as valid cards.
Shop-wise allocation on the basis of data in ration card database and distribution norms.

All receipts and dispatches in\ from procurement\ distribution centers through online web based application.

Collection and data entry of sales data for each shop by 15th of previous month.
Computerization – back end

- Generation of delivery orders and truck challans for each shop.
- 2 months buffer stock at each distribution center.
- All information in public domain –
  - SMS alerts, stock position, movement data etc.
  - Call center.
Transparency & Community Participation

- “Jan Bhagidari” portal.
- Truck dispatch information through SMS.
- Chawal utsav (Rice Festival).
- Call center.
- All trucks colored yellow.
## जन भागीदारी

प्रेम, नागरिक आपूर्ति एवं उपशोकता संस्करण नियोजन

### लागूण

<table>
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<th>यूजर आईडी</th>
<th>पासवर्ड</th>
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### शिक्षायत का विवरण

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### अधिरोधावयव एवं शासन आदेश

पाशारणिक प्रतिवेदन

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| मुद्रामगणितीय खाद्यवस्त्र संयोजन (विशेष) |
| मुद्रामगणितीय खाद्यवस्त्र संयोजन (अवधारित) |

### 2010-11 की खाने खरीदी की जानकारी

किसानों का विवरण

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### 2009-10 की खाने खरीदी की जानकारी

किसानों का विवरण

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### जन भागीदारी

खाने नियोजन से संस्करण नियोजन एवं निर्णय लेनेवाले सरकारी सथायिता का प्रभावित है।

### Disclaimer

All efforts have been made to make the information as accurate as possible. Department of Food, Civil Supplies & Consumer Protection or NIC will not be responsible for any inaccuracy.

"राज्य के ग्रामीण परिवारों को खाने वितरण में पारदर्शिता एवं जन भागीदारी शासन की सर्वस्थैर्य अनुभवित है।"
एक चित्रण प्रणाली एवं मुख्यमंत्री खातावान सहयोगता योजना के राशन कार्डाधीश द्वारा हितियाहियों की जानकारी
जिला - बिलासपुर, विख, नगर - तख्तपुर, आँम पंचायत चिनिर्दा, आँम चिनिर्दा के राशन कार्ड

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Yellow trucks carrying PDS commodities
The ruling party wins general elections for a second term.

- The CM acquires the title – “The Monk with rice”

- PDS food basket diversified –
  - Inclusion of black gram in tribal areas.
Phase - 2

- Impending elections 2013.

  - Coverage almost universal.
  - Double fortified salt introduced
  - Pulses introduced

- COREPDS – Beneficiary empowerment.
### Beneficiaries in Chhattisgarh in PDS

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Particulars</th>
<th>TPDS Status as per GoI</th>
<th>MKSY</th>
<th>NFSO</th>
<th>CFSA</th>
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<tbody>
<tr>
<td>1</td>
<td>AAY</td>
<td>7.19 lakhs</td>
<td>11.00 lakhs</td>
<td>7.19 lakhs</td>
<td>16.00 lakhs</td>
</tr>
<tr>
<td>2</td>
<td>Priority Households</td>
<td>11.56 lakhs</td>
<td>25.00 lakhs</td>
<td>84% in rural &amp; 56% in urban</td>
<td>39.00 lakhs</td>
</tr>
<tr>
<td>3</td>
<td>General Households (APL)</td>
<td>27.00 lakhs</td>
<td>18.00 lakhs</td>
<td>0</td>
<td>5.00 lakhs</td>
</tr>
<tr>
<td>4</td>
<td>Excluded households</td>
<td>9.25 lakhs</td>
<td>2.00 lakhs</td>
<td>22% of population</td>
<td>6.00 lakhs</td>
</tr>
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</table>
## CFSA – entitlements in PDS

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Food item</th>
<th>Quantity (monthly)</th>
<th>Price</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Food grains</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>AAY</td>
<td>35 kg</td>
<td>Rs. 1 per kg</td>
</tr>
<tr>
<td>2.</td>
<td>Priority Households</td>
<td>35 kg</td>
<td>Rs. 2 per kg</td>
</tr>
<tr>
<td>2.</td>
<td>General households</td>
<td>15 kg</td>
<td>&lt; 50% of MSP</td>
</tr>
<tr>
<td></td>
<td>Only for priority households</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Iodized salt</td>
<td>2 kg</td>
<td>free</td>
</tr>
<tr>
<td>3</td>
<td>Pulses (non-scheduled areas)</td>
<td>2 kg</td>
<td>Rs. 10 per kg</td>
</tr>
<tr>
<td>4</td>
<td>Chana (scheduled areas)</td>
<td>2 kg</td>
<td>Rs. 5 per kg</td>
</tr>
</tbody>
</table>

Sugar @ 1 kg per card per month and kerosene – have been excluded from CFSA
PDS in Chhattisgarh - 2013

Challenge to distribute every month-

- 180,000 tons of Rice
- 28,000 tons of Wheat
- 15.5 million liters of kerosene
- 11,000 tons of iodized salt
- 10,000 tons of black gram
- 7000 MT of pulses
- 4500 tons of sugar, per month

to 6 million cardholders
Centralized Online Real-time Electronic PDS - COREPDS

Department of Food & Civil Supplies Government of Chhattisgarh
COREPDS - Objectives

- To reduce Diversion.
- To make the FPS accountable to beneficiary.
- To improve Service Delivery by incentivizing better performance -
  - weed out nonperforming FPS.
COREPDS – Issues being addressed

- Non-availability of sales transaction data at the FPS.
- Problems at FPS –
  - Under-weighment.
  - Overcharging.
  - Multiple trips – 1 for each commodity.
  - Shop is not regularly open.
  - Behavior of the FPS salesman
"A person produces the same commodities in the same way and ends up with same income and buys the same goods, she may still have very good reason to prefer the scenario of free choice over that of submission to order"

--- Amartya Sen
COREPDS – Unique Features

- Portability - Beneficiary has the choice to pick up her rations from the shop of her choice.
  - Introduced competition among FPS for market share of RC holders (customers).
  - Negotiating position of the beneficiary becomes much stronger vs FPS.

- Beneficiary gets a printed receipt for cash paid by her for purchases.
COREPDS - Features

- Multiple instruments.
- Works on mobile GPRS connectivity.
- Works in online as well as offline mode.
- Step-by-step, menu driven user friendly interface in PoS device
COREPDS - Model

- Every FPS has a PoS device.
- Every beneficiary has a/an –
  - Smart Ration Card – non-biometric (on\offline)
  - Mobile phone – non – biometric (online)
  - RSBY smart card – biometric (in on\offline mode)
  - Aadhar number – biometric (in online mode).
  - Ration Card – (on\offline)
COREPDS - Model

1. Insert RSBY Card
   Select Member
   Do Bio. Auth.

2. Validate RC No.
   Get Food Bal

3. Food Balances

4. Enter Qtys to be issued
   Select Member

5. Qtns to Issue
   Member ID

6. Update Food Balances

7. success Report


9. Reject Transaction
   No

10. Valid Beneficiary & +Ve Bal.
    Yes

11. Reject Transaction
    No

12. If Success Report
    Yes
All sales transactions at the FPS to be recorded through PoS device only.
  - Physical verification of distribution.

Monthly sales statement of any FPS to be generated only from the server (for the purpose of calculating entitlements for next month)

All stock receipts to be acknowledged by FPS through PoS device only.
  - Physical verification of receipts.
Improvement in beneficiary satisfaction –
  1. 24.37 % migration – more convenience.

  1. Reduction in number of trips per month – from 4-5 to 1.8 (avg).

Incentivizing better performing FPS’ –
  1. 25% FPS sold rations to > 100% beneficiaries.

  2. 18 shops tendered resignations.
Reduction in leakages –

1. Physical verification of distribution – directly with ration card holder – 3 shops suspended.

2. Physical verification of receipts – 1 transporter blacklisted & 4 shops suspended.

3. Distribution reduced. Savings –
   - Foodgrains – 5 % in BPL, 40% in APL
   - 30% in Kerosene
Functional in 300 FPS in Raipur, Durg, Rajanadgaon and Mahasamund cities and 40 rural shops in Mahasamund, since March 20th, 2012. Total cost Rs. 98 lakhs. (Rs 60000 per FPS).

Live status at – (in public domain)
http://cg.nic.in/pdsonline/corepds/
Lessons

- Political Commitment
  - Chief Minister’s leadership – only constant
- Public Proclamation of a guarantee
  - Rice festival – 7th of every month.
- Political stability
  - The reforms were a contributing factor.
  - The ruling party won the general election in 2013 for a third term – thanks to CGFSA.
Thank you

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