

Targeted Public Distribution System

13. The Public Distribution System (PDS) continues to be a major instrument of Government's economic policy for enhancing food security to the poor. Under PDS the Central Government bears the responsibility for the procurement and supply of five commodities, viz., rice, wheat, sugar, imported edible oils and kerosene to the States and Union Territories. Some States add a few more commodities for distribution under PDS. The States/ UTs arrange distribution of PDS commodities to the consumers through a vast network of about 4.5 lakh retail outlets or Fair Price Shops (FPS).

14. The revised scheme of distribution known as Targeted Public Distribution System (TPDS) was launched with effect from 1st June, 1997. It

BOX - 5.1 Onion Prices

Never before was the domestic price scene, especially in north India, dominated by the rise in the price of just one, rather low weighted consumer item as onion. With its retail price normally ranging from Rs. 6 to Rs.12 per kg in Delhi, this year's price shot up to Rs.16 per kg in January and after dropping to Rs.6 in April-May, rose to Rs. 13–Rs. 33 in July-August reaching a peak of Rs. 45 in October-November, 1998. On some days retail prices were even quoted at Rs. 60 per kg. This unprecedented rise overshadowed all other prices, even edible oil prices, particularly mustard oil whose price had almost doubled and potato whose price too had doubled this year ranging from Rs. 10 to Rs. 6 per kg between June-October, 1998.

The annual production of onion is just over 40 lakh tonnes and about 4 lakh tonnes are exported annually. Major onion growing States are Maharashtra, Gujarat, Karnataka and Andhra Pradesh. Maharashtra alone accounts for about one-third of annual output.

There are three onion harvests. The major one is the Rabi harvest in Feb-April accounting for over sixty per cent of the supply and determining price trends through the summer months. By November-December comes the Kharif harvest (about 20 per cent of annual production) and the balance 20 per cent is harvested in Jan-Feb as the post-kharif crop.

Fiscal 1998-99 witnessed the effect of sharp decline in last year's rabi harvest, causing lower volume of arrivals from June 1998 which pushed up prices. The expected relief from Kharif harvest in November did not come as the intense heat wave conditions in May-June had caused acute moisture stress reducing the market arrivals. The third setback occurred due to excess rain in Oct-Nov, reducing further the chance of late-kharif crop arrivals. Onion prices therefore continued to remain high for nearly 6 months June-December.

is in operation in all States/UTs except Delhi and Lakshadweep. Under TPDS, distribution of foodgrains operates under two tier system of delivery to households Below Poverty Line (BPL) and Above Poverty Line (APL), with BPL families receiving foodgrains at heavily subsidized prices.

15. Each BPL family is entitled to 10 kgs of foodgrains per month at specially subsidised prices. This is likely to benefit about 6 crore poor families for whom 72 lakh tonnes of foodgrains per annum is earmarked. About 103 lakh tonnes of foodgrains per annum is earmarked for the allocations to Above Poverty Line (APL) population. Over and above these allocations under the TPDS, additional allocations are made to the States at APL prices. The bifurcation of BPL and APL quotas of foodgrains into rice and wheat has been left to the States. The position of allocations and offtake of rice and wheat since 1991-92 under PDS is listed in Table 5.7

16. In accordance with the provisions of TPDS guidelines, any requirement from States over and above TPDS quotas, can be met subject to availability of foodgrains in the Central Pool and at the rates commercially viable to FCI. The additional allocation of rice and wheat were at economic cost from June, 97 to November, 97. But from December, 1997 onwards, the additional allocation of rice and wheat were made at APL rates. After introduction of TPDS in June, 1997 the additional allocation of rice and wheat to States/UTs was 16.52 lakh tonnes and 18.74 lakh tonnes respectively during the period June, 1997 to March, 1998 and it has been 20.55 lakh tonnes and 22.10 lakh tonnes respectively during the period April 1998 to January 1999.

TABLE 5.7
Foodgrains Allocation and Offtake
Under the Public Distribution System/TPDS
(Million Tonnes)

Year	Wheat		Rice	
	Allocation	Offtake	Allocation	Offtake
1991-92	10.36	8.83	11.36	10.17
1992-93	9.25	7.85	11.48	9.69
1993-94	9.56	6.09	12.41	9.10
1994-95	10.91	5.11	13.32	8.01
1995-96	11.32	5.81	14.61	9.75
1996-97	10.71	9.35	15.10	12.04
1997-98	10.11	7.08	12.83	9.90
1998-99*	8.36	5.14	10.76	7.07

* Provisional Allocation up to January, 1999, Offtake up to November, 1998.