

**Systems of Public Food Distribution
and
Procurement of Rice
Experiences from Chhattisgarh state of India**

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Context



- Chhattisgarh is a relatively new state carved out in Year 2000
- It has a population of 26 million
- 32% of population is of indigenous tribes
- 44% of land area is covered by Forests
- 77% population rural
- 70% population depends upon agriculture, majority have landholdings below 2 hectares
- 90% plus workforce in informal sector
- Half the children, one-third of adults under-nourished
- Under-5 child mortality is very high - 72 per 1000
- Second poorest state in the country in terms of average per capita consumption expenditure
- The state has witnessed rapid economic growth – mainly in mining and related industrialization

Context – Social Protection Programmes in India



1. Under-6 years Children - Integrated Child Development Services (ICDS) –includes supplementary nutrition & pre-school education - Universal
 2. 6-14 yr Children –School meals, Right to Education - Universal
 3. Maternity Entitlements (Cash) – Targeted (home deliveries) but Universal (Institutional deliveries)
 4. Employment Guarantee (NREGA) – Cash for Work, Universal for Rural population
 5. Social Security Pensions (Cash) for Old, Disabled, Widows - Targeted
 6. Public Food Distribution (PDS) – Targeted, but Universal in some states
 7. Price Support for Farmers – Universal
- But ‘Under-Funded’ or Targeting resulting in Exclusion**

Public Food Distribution System (PDS) in Chhattisgarh



Pre Year 2004 :

- Distribution outlets controlled by Private traders
- Only 5000 shops to cover 20,000 villages
- Coverage – 42% of population, covered perhaps half of the actual poor
- Effective delivery very poor, surveys showed only 28% getting entitlements

Civil Society Intervention



- Supreme Court orders on PDS in the Right to Food case from 2001 onwards
- Active role of Right to Food Campaign in Chhattisgarh from early 2003 to 2006 – focus on PDS
- Mobilisation around demanding what the Supreme Court had ordered
- Concerted action across the state – Public Hearings
- Landmark – 2004 -High Powered Committee on Starvation, assessment of PDS in tribal areas, de-privatisation started

Reforms in PDS



- Complete de-privatisation of shops by early 2005
- De-privatisation of steps in the delivery chain above the FPS
- Shops were given to: Local rural elected councils (Panchayats), Women's Self Help Groups, Forest Protection Committees, Cooperatives
- Viability of shops improved by providing working capital and increasing commissions
- No. of shops increased from 5000 to 10000
- Ensuring timely door step delivery to all outlets through state run corporation
- Computerising operations upto Godown level (one level before FPS) helped in transparency, maintaining control, measuring performance and above all in cutting down delays

Women's SHGs running Fair price shop



Strengthening Monitoring and Control mechanisms



- Clear unambiguous entitlement of 35 kgs per month communicated effectively to masses, no month to month variations in allocations
- Encouraging communities to monitor shops through Gram Sabhas and campaigns like Gram Suraj
- Rice Festival instituted so that cardholders can access their entitlement in full public view on a day in the first week of the month itself
- Transparency through website: beneficiary list, eligibility, allocations, complaints
- Effective grievance redressal through tollfree helpline, prompt redressal led to people's faith in the system
- Taking strict action against offenders at any level

Expanding Coverage of PDS



- PDS coverage expanded from 1.9 million to 3.4 million families with clear eligibility definition, overcame Below Poverty Line restrictions, reduced exclusion errors
- Bigger group of beneficiaries means greater pressure on the shop and rest of PDS system to perform well
- To expand coverage, State Government allocated substantial subsidy in addition to National budget, at one point 10% of state budget
- Seen as flagship programme of the state, is backed by political commitment from the top
- PDS Reform in Chhattisgarh took 4 years of continuous work, involving a series of measures - not based on any magic technological bullet

Public Procurement of Rice



- Price support for farmers has existed for decades, but effective state procurement is new for states like Chhattisgarh
- State started Decentralized Procurement of Rice Paddy in the year 2002
- Since then, procurement of Rice Paddy has gone up from 15 million MT to 58 million MT in the year 2011-12
- This has ensured timely/adequate availability of locally grown rice all over the State. Cornerstone of success of PDS
- Chhattisgarh amongst the top contributors of rice to the National pool (3.6 million MT)

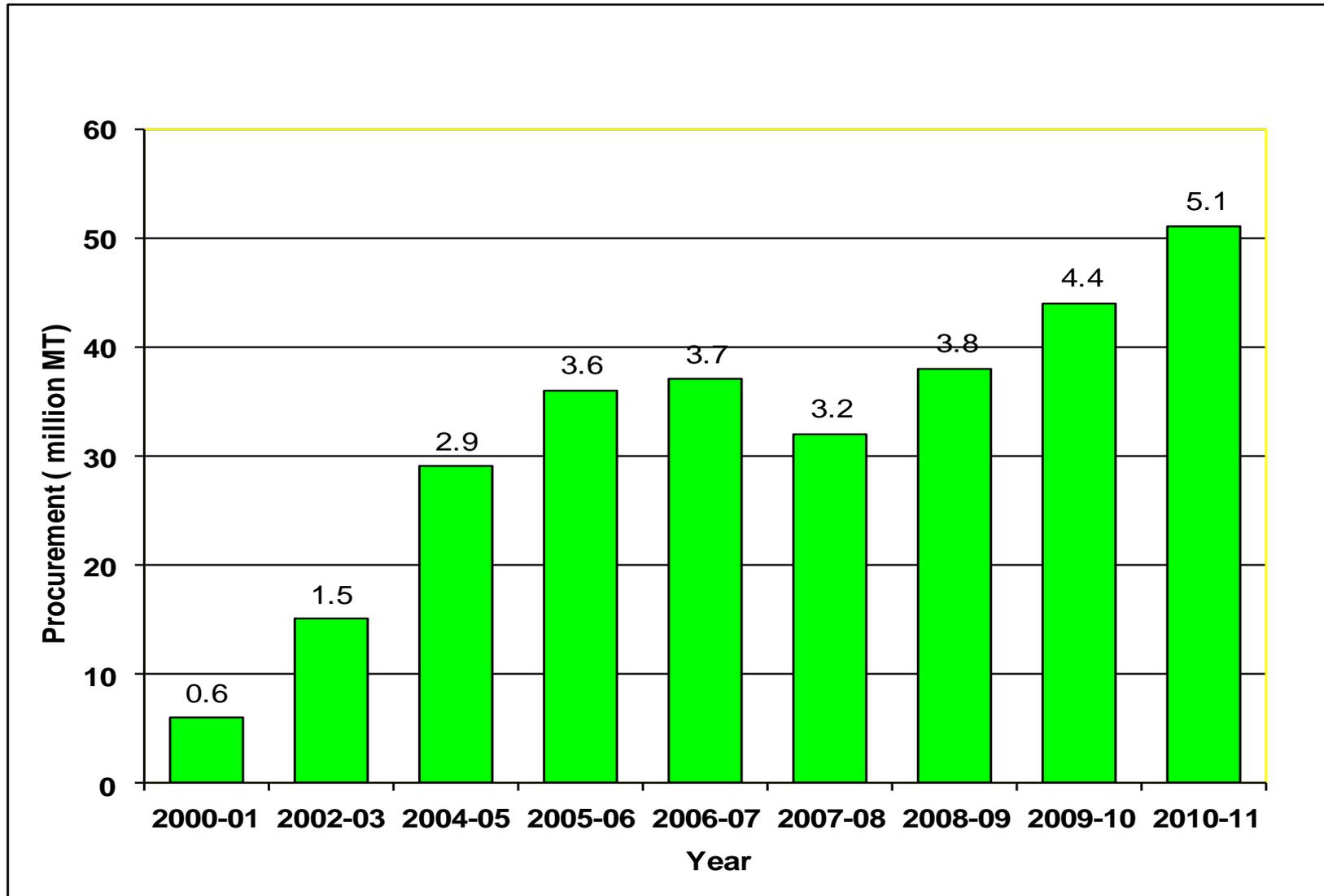
Rice Paddy Procurement in Chhattisgarh

- Last year 58 million MT Rice Paddy worth IndianRs.60 billion (US \$ 1.2 billion) procured from 1 million farmers at 1888 procurement centers, spread all over the state
- Provides Employment to 1 million farming families and another 150,000 workers (in transportation and rice mills) for almost six months in a year

Procurement Reforms

- Purchase in state run Farmers' Cooperatives which are farmer-friendly
- No middlemen, trader or Commission agents allowed
- Purchase nearly at door step – farmers don't have to travel more than ten kms to sell their crop
- Computer generated payment cheques at the spot, without any delay
- Direct transport to millers for milling from procurement centres saves times and money
- Quick milling and optimum transportation reduces interest loss, pilferage, driage and damage
- All information on the web for transparency

How Rice procurement has gone up



Social Mobilisation Interventions



- Chhattisgarh has 70,000 '*Mitanins*' – Community Health Workers covering all rural habitations and urban poor neighborhoods. Mitanins have helped in spreading awareness on Social Protection Programmes, organising communities to access grievance redressal
- Including village elected councils, women's groups, cooperatives in implementation has helped
- Effective delivery itself has helped in creating awareness on entitlements
- Once a commodity reaches the community level, delivery there on gets effectively monitored by them, biometrics are un-necessary
- Decentralised procurement of services for meals in schools and pre-schools has also helped productive inclusion of poor women

Assessing the Chhattisgarh experience: Coverage



- Chhattisgarh has scaled up and sustained its interventions in Food distribution and procurement
- Coverage under PDS-
 - Covers 70% of total population
 - Covers perhaps 80% to 90% of the actual poor
 - Covers tribal and other socially vulnerable populations well
 - Covers all parts of the state, most of the Internal Conflict ridden areas too
 - In addition to families defined as 'Below Poverty Line', it also covers Persons with disability, Old and destitute, Women headed households
 - Has shielded people from food price rise by supplying 50% of staple cereal requirement
 - Including oil, pulses in PDS is important

Coverage and Impact of Rice Procurement



- 1 million of the 3.5 million farmers in the state covered
- Marketable surplus of rice has increased, it is now also seen as a cash crop and not just as a subsistence crop
- Rice productivity has also improved
- Promotes 'local', Savings in transportation, storage costs and losses

Coverage and Impact of Rice Procurement



- Need to procure more diverse local foods – production of traditional millets, pulses, oilseeds will pick if they get supported by public procurement
- Coverage poorer in most impoverished tribal areas. Though procurement from tribal areas has increased over time, non-tribal areas still provide 90% of the procurement .
- The bottom two-third of the farmers do not have marketable surplus. Investments in improving agriculture productivity through other investments (irrigation, extension, soil and water conservation) inadequate
- Farmers suicides still common as failure of rains cause distress for the largely rain-fed cultivation, health expenditures are a big worry
- But there are new kinds of vulnerabilities which it cannot address – related to industry related displacement, loss of forest cover and farm land, Internal Conflict (State vs. Left wing Extremists)

Changes in Agriculture, Migration, Schooling



- Much more is needed in the Indian context to see sections of population moving from Poverty to Middle class.
- Traditional Migration has reduced
- Farm wages have gone up
- PDS has made a definite impact on hunger and malnutrition in Chhattisgarh. 25% decline in Child malnutrition
- Adding Pulses, Salt to subsidized food items etc. has helped
- Traditional Migration has come down
- Schooling has increased, no. of Girls completing High School has quadrupled over last ten years
- NREGA the Employment Guarantee Law (Cash for Work Programme) has also aided these objectives
- There is definite progress in social protection

Lessons for Social Protection Programmes



- Move towards Universalization
- Expand entitlements and budgetary allocations
- Procure from small farmers
- Involve women's groups and local communities
- De-privatize
- Institute Standards and Effective Grievance Redressal
- Use Information Technology appropriately, allow community control
- Promote "LOCAL" in the entire chain
- No need to replace existing food security programmes with cash transfers