

Assessing Bihar's Coupon-Based PDS

Importance of Local Context

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The public distribution system remains the bedrock of India's food security system and the Food Security Act (2013) has only increased its importance. At the same time, the PDS administration has been subject to reform, change and experimentation. States have been experimenting ways to reduce leakages and maladministration. Since 2007, Bihar has used coupons to administer the PDS in order to curb leakages at the fair price shops. How effective has this reform been? Drawing on a primary survey of 350 households from 10 villages in a western district of Bihar, this article suggests that while the coupon system is a potentially effective operational reform, setting the PDS right requires reforms that take into consideration the local politics of resources and rights.

1 Introduction

Since 2007, Bihar has used coupons to administer the public distribution system (PDS). The system is supposed to operate as follows. Every beneficiary household is provided with 12 coupons annually for wheat, rice and kerosene, which specify their entitlements and the price they have to pay for each commodity. Coupons are distributed through village camps, organised by the local gram panchayat under the monitoring and surveillance of officials from the block development office (the process of coupon distribution is video-recorded). Every month, beneficiary households redeem one coupon each against each of the specified PDS commodities at a local fair price shop (FPS) (beneficiaries can ostensibly choose the FPS they use). Then, the FPS owner forwards coupons to the block/district level authorities in order to get next month's supplies.

The coupon system was introduced with the aim of curbing the potential for corruption at the beneficiary-FPS interface. It sought to lessen incentives for the diversion of PDS supplies into the open market by requiring FPS owners to produce the coupons they received from beneficiaries every month, prior to being allocated the next month's stock. And by specifying PDS entitlements in the form of a coupon that was transferrable between local FPSs, the system intended to empower beneficiaries to shift their usage to more scrupulous owners.

However, how effective have these reforms been? The answer to this question has significance beyond Bihar. Across India, states are experimenting in various ways to improve PDS delivery, and in this era of reform and change, its future shape is hanging in the balance. The history of the PDS indicates long-standing delivery failures (Bhalla 2011; Jha and Ramaswamy 2010; Parikh 1994; Planning Commission 2005; Svedberg 2012). Recent evidence suggests improved operational performance over the past few years (Khera 2011a, 2011b, 2012, 2014), however the drivers and contexts for these results remain unclear, and there is significant discrepancy between states. In the eyes of some influential commentators, a ration-based delivery system provides a suboptimal welfare transfer mechanism in any case. Efficiency gains would be optimised if the system as a whole was replaced by cash transfers, which has been argued, to empower consumer choice and foreclose opportunities for pilferage (Basu 2011; Gangopadhyay, Lensink and Yadav 2013; Kotwal, Ramaswami and Murugkar 2011).

The recent charged debate on the PDS – which has included claims and counterclaims about its efficiency, as well as the

We thank an anonymous referee for useful comments on the earlier draft of this paper. Errors, if any, remain ours.

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merits of its wholesale replacement by cash transfers – brings the Bihar coupon system firmly into the national spotlight. Coupons can be understood as an operational device designed to improve the efficiency of rations-based PDS delivery. Evidence of this system's success could provide lessons for other states and strengthen arguments for the continuation of rations-based PDS delivery. On the other hand, evidence that it has failed to curb pilferage and loss would strengthen the case for cash transfers.

To assess the coupon scheme, we draw on evidence from a survey of 350 households in 10 villages, spread across nine administrative blocks in a single district of western Bihar (not named for reasons of confidentiality). Information was collected on households' social and economic status, the operation and functioning of the PDS, and their experiences with the coupon system. In addition to the survey, the researchers also attended village meetings and undertook qualitative interviews from a range of key informants including village locals, FPS owners, leaders of gram panchayats, and officials at the block and district levels.

Our findings confound a simple reading of the coupon system. Although coupons are associated with marginal improvements to PDS transparency by raising awareness among poor beneficiary households of their ration entitlements, substantial failures in PDS delivery flourish still. In western Bihar, any substantial transparency-inducing benefits from the coupon system are largely outweighed by the continuation of systemic failures across the entirety of the PDS supply chain. Hence, to introduce coupons without rectifying wider problems of PDS administration is to apply false hope and expectations on this reform.

Notwithstanding this finding, an unexpected and important conclusion from the research is that the coupon system worked better for the allocation of kerosene than for foodgrains – the vital distinction here is that subsidised kerosene is available to all households, whereas subsidised foodgrains are provided only to households below the poverty line. Hence, we suggest that the universality of kerosene entitlements provides a mechanism that aligns the interests of richer and poorer households alike, and this places heightened pressure on FPS owners to ensure ration obligations are met. In turn, this finding emphasises the need for PDS reforms to be understood as grounded within the local politics of resources and rights. In cases where large proportions of beneficiary populations are subject to extreme social and economic marginalisation, agents with influence will continue to find ways to maintain their social and economic power. Thus, appraisal of the coupon system cannot occur in isolation of wider considerations of the political economy of PDS entitlements and delivery. The coupon system provides a potentially effective operational reform, but the realisation of benefits hinges on the extent to which local political-economic arrangements allow disadvantaged community segments to press their claims.

This paper is organised as follows. The next section places Bihar's PDS in the national context. Section 3 briefly discusses the survey and the characteristics of the surveyed households.

In Section 4, we present the field research findings on PDS coupons. The discussion in Section 5 stresses the importance of understanding the contextual correlates pertaining to the operation of the PDS. This section also attempts to highlight the problems facing FPS owners. The last section concludes.

2 Bihar's PDS in the National Context

The PDS is India's most important food-based safety net intervention. Through a vast network of approximately half-a-million government-licensed FPSs, the PDS provides subsidised foodgrains to the poor in order to help them meet their minimum calorie requirements. Since its introduction in the late 1960s, the PDS has evolved through various stages. Until 1992, the PDS was universal. Given the poverty-alleviation mandate of the programme and high transaction costs of subsidising the non-poor, the scheme was transformed, first in 1992 into the revamped public distribution system (to reach out to the poor and vulnerable population segments located in geographically isolated and climate-prone regions) and then, in 1997, into the targeted public distribution system (TPDS) (which used the economic status of the household to assess its eligibility for PDS benefits). Under the TPDS, households are classified in accordance with a set of socio-economic parameters and provided with a ration card on this basis. Across India, the three core PDS card categories are above poverty line (APL), below poverty line (BPL) and antyodaya (poorest of the poor). Originally, the changes implemented through the TPDS classified households into APL and BPL groups. The antyodaya anna yojana was started in 2000, with the aim of addressing the problem of hunger among the poorest BPL households.

Although the PDS is a centrally-sponsored scheme, independent Indian states enjoy considerable degrees of autonomy in programme management. By and large, the role of the central government ends at pegging the number of poor in each state, according to which foodgrain allocations are made. However, states can expend additional resources to widen the coverage, entitlement level and range of commodities offered to beneficiaries. Consequently, wide differentials in PDS eligibility rules exist across the states (Khera 2011a).

In Bihar's case, the state government has sought to implement the PDS under conditions of dire poverty and chronic under-funding from the centre. Bihar remains extremely poor, notwithstanding recent economic growth. Once regarded as a socially and culturally advanced region of the country and one of the cornerstones of Indian civilisation, Kumar (2014) recounts that "the permanent settlement regime imposed by the colonial government sowed the seeds of Bihar's decline" and that following independence, "the central government adopted several discriminatory policies such as freight equalisation, which led to the further economic marginalisation of Bihar". These processes led to a progressive relative decline in the overall social and economic status of Bihar vis-à-vis other states in the union. There are many drivers of this, including an economy with little exposure to the manufacturing or services sectors, high demographic pressures, tension (sometimes even violence) along the lines of caste and land, and an absence of

governance and law and order, especially between 1990 and 2005 (Chakravarti 2001; Mukherji and Mukherji 2012; Sharma 2005).

Among Indian states, Bihar has the highest proportion of people living below the official poverty line (a line which is often considered akin to the starvation line: Mander 2012), with 53.3% of the state's population classified as poor in 2009-10 (Planning Commission 2012). The deep-rooted incidence of poverty in Bihar implies heavy reliance on PDS allocations throughout the state. However, the state has estimated that the central government PDS disbursements fall far short of their needs. In the *Economic Survey 2011-12*, the Government of Bihar listed 1.35 crore households as BPL and a further 25.01 lakh households as Antyodaya whereas the central government allocated Bihar with foodgrains of 35 kg/month for only 65.23 lakh households. To make up for this shortfall, the state has allocated BPL households with only 25 kg of foodgrains per month (Table 1). Antyodaya households are nominally provisioned with 35 kg monthly. Notwithstanding this reduced allocation to the large cohort of BPL households in the state, the Government of Bihar is still required to incur ancillary expenditure on the PDS.

Table 1: Number of Beneficiary Households, PDS Commodities and Entitlements by PDS Card Category, Bihar

Type of Household	Number of Household (in lakhs)	Monthly PDS Entitlements (Rupees)		
		Wheat (kg)	Rice (kg)	Kerosene (litre)
Antyodaya	25.01	14 (3)	21 (2)	2.75 (12.82 to 13.71)
Below poverty line	135.00	10 (6.78)	15 (5.22)	2.75 (12.82 to 13.71)
Above poverty line	29.00 ¹	na	na	2.75 (12.82 to 13.71)

¹ Authors' estimations. There is no official data on the number of APL households in Bihar and this figure is arrived at by subtracting the BPL and Antyodaya households from the total number of households in Bihar, which, in Census 2011, were enumerated to be 189 lakhs (RGI 2011).

Source: *Economic Survey of Bihar 2011-12*, 229.

On top of these problems, the PDS in Bihar is afflicted by woeful delivery inefficiencies. The PDS in Bihar has historically been riddled with huge problems of pilferage and leakage. In its 2005 nationwide performance evaluation of the scheme, the Planning Commission estimated that 75% of PDS foodgrains did not reach its intended beneficiaries in Bihar, compared to the national average of 57% (Planning Commission 2005). Comparable National Sample Survey data analysed by Khera (2012) suggested that in the same year (2004-05), 91% of the PDS foodgrains in Bihar were diverted from their eligible recipients. Five years later, in 2009-10, while most major states had improved their PDS performance (the incidence of grain diversion in Chhattisgarh, for example, fell from 52% to 10% between 2004-05 and 2009-10), the progress in Bihar was much slower, and in 2009-10, 75% of the PDS foodgrains in Bihar still failed to reach their intended beneficiaries (Khera 2012). The FPS-beneficiary interface is the core site where PDS leakage occurs. The Planning Commission (2005: ix) calculated (conservatively) that more than 50% of foodgrain diversion in Bihar occur at the FPS level.

These contexts have framed extensive attempts to reform the PDS in Bihar. The election of a new government in 2005 is widely interpreted as heralding an opportunity for dramatic

institutional reforms within the state. It is certainly the case that since 2005 there have been wide-ranging governance reforms in Bihar (Singh and Stern 2013; Sinha 2011) and the arena of food-based safety nets has not been untouched by it. To contain corruption and illegal diversion of foodgrains from the PDS, in 2007, the then Chief Minister of Bihar, Nitish Kumar, introduced a system of PDS coupons as a transparency measure. As noted above, eligible households are provided 12 coupons annually for each of the PDS commodities that include wheat, rice and kerosene. Like the ration card, the coupons are colour-coded, with the colour of the coupons matching that of the ration card. The Antyodaya households are provided with the yellow coupons and BPL households are given red coupons. Given much of the PDS leakages are found to occur at the FPS level (Planning Commission 2005), a guiding principle behind the introduction of the coupon scheme was that by tying the next month's supply of PDS commodities with coupons, it was considered that coupons will prevent the FPS owners to sell the PDS supplies in the open market as they will now need to have the requisite coupons to claim their stock.

With the coupon scheme now several years into operation, it is timely to review the experience. In the next section we outline the methodology we used to pursue this task, and then present our key findings.

3 Methodology and Characteristics of Households

This study on PDS forms part of a broader research project that sought to understand the linkages between rural households' livelihood strategies and food security. Given the importance of migration in the rural livelihood system in Bihar, this study focused in particular on the role of migration as a rural livelihood strategy in influencing household food security outcomes. A primary survey was conducted during 2012 in 10 villages,¹ spread across nine administrative blocks in western Bihar. A probabilistic sample of 392 rural households was surveyed. From each of the 10 villages, 40 households were selected using systematic circular sampling (eight respondents chose not to participate in the survey). Prior to the survey, household information particulars were obtained through house-listing exercise which served as a basis for drawing the sample. The selected households were administered a structured questionnaire which collected information on the household's social status, agricultural and non-agricultural livelihood portfolios, income and expenditure patterns, assets, saving and investment, debt burden, food consumption levels and dietary diversity. The house-listing was carried out during January-February 2012 and the household surveys were conducted during April-May 2012.

By the virtue of a statistically representative sample, the survey consisted of 167 BPL households, 159 APL households and 24 Antyodaya households. A total of 42 households (10.7% of the sample) did not have ration cards or coupons of any kind. Because these households could not avail PDS coupons, the subject of this paper, they have been excluded from this analysis.

Table 2 presents the background characteristics of the study sample by their PDS ration card status. By caste status, about 60% of the households in both the Antyodaya and BPL card categories were scheduled castes/tribes (SC/ST) and extremely backward castes (EBC). However, of the households with an APL card, only 37.4% were SC/ST or EBC. Table 2 also displays the close association between card status on the one hand, and poverty and deprivation on the other. This is starkly apparent with regards to the key socio-economic indicators of literacy, dwelling type, monthly per capita expenditure (MPCE) and landholding status. Nevertheless, reflective of the dire state of material circumstances in the survey area, close to half of the APL households had consumption expenditure levels lower than the official poverty line. Finally, although the percentage of households who borrowed money is slightly higher among Antyodaya and BPL cardholders, the average outstanding due is much higher among the APL households. These differentials are possibly due to the inability of the poor to borrow bigger loans and/or small need-basket of the poor requiring smaller borrowing.

Table 2: Background Characteristics of Surveyed Households by PDS Card Category

	Antyodaya	BPL	APL
Total number of households	24 (6.9)	167 (47.7)	159 (45.4)
Average household size (in persons)	5.21	5.65	6.33
Female respondents	58.3	46.7	45.9
Illiterate respondents	79.2	59.3	55.1
Caste of the household			
Forward caste	0.0	7.8	10.1
Scheduled caste/tribe	12.5	26.3	16.4
Extremely backward caste	45.8	33.5	20.8
Backward caste	41.7	32.3	52.8
Type of house occupied			
Kutcha	16.7	25.7	13.8
Semi-pucca	66.7	41.3	31.4
Pucca	16.7	32.9	54.7
Land and livestock ownership and migratory labour			
Landless households	62.5	36.5	17.6
Households with less than 1 acre land	100.0	85.8	81.7
Household who own any livestock	54.2	66.5	69.8
Households with one of more members working outside the village	50.0	41.9	55.3
Consumption expenditure, poverty and indebtedness			
Average monthly per capita expenditure (in Rs)	623	838	996
Household with MPCE below poverty line**	70.8	59.3	49.7
Households who have any outstanding loan	62.5	65.9	61.6
Average amount of outstanding dues (In Rs)	23,467	33,065	57,910

** The Planning Commission's recent revision of state-specific poverty lines for 2009-10, based on Tendulkar Committee's estimates, pegs the rural poverty line in Bihar at Rs 655.6. The same has been applied on this survey data to estimate consumption poverty. Source: Primary data collected by authors. All data is in percentage terms, unless specified differently.

Table 3 depicts various indicators of self-reported food insecurity by the type of PDS card held by the household. The surveyed households were asked a range of questions to assess if at any time during the year preceding the survey they faced food shortages. The data in Table 3 refers to the proportion of households who reported having faced food inadequacy and food unavailability at least once in the past year. Nearly half of the Bihar's population lives below the official poverty line and

thus, is vulnerable to chronic levels of food insecurity. Consequently, the dependence of the state's population on food safety net programmes to meet their minimum food needs is high. For example, during our visit to one of the villages we attended a primary school when the mid-day meal was being served. We found that many of the children took their meals home to eat. When asked from a schoolteacher what explains this, he told us: "Children take their meals and left-overs to share with their family members." This is also reflected in the data presented in Table 3 where nearly 40% of the surveyed households reported that there were times in the past 12 months when they could only afford to buy food from the PDS.

Table 3: Household Food Security by PDS Card Category

	BPL & Antyodaya Households (%)	APL Households (%)
Food was not enough (defined by the following situations)		
Household ate meals without vegetables	60.2	31.4
Household could only afford to consume food from PDS	38.2	-
Household members consumed single meal a day	17.3	16.4
If all three main food categories (cereals, pulses, vegetables) were not available	61.3	30.8
If household members got less food than the amount to satiate hunger	50.3	27.7
Food was not available (defined by the following situations)		
Household borrowed money from friends and/or relatives to buy food	22.5	16.4
Household borrowed money from local traders, money lenders or lifted ration on credit to acquire food	40.3	17.6
Household sold jewellery or other personal assets to buy food	1.6	0.6
Someone in the household out-migrated for work	18.3	15.1
Consumption rationing (members ate less food than usual)	59.2	28.9
Total households (n)	191	159

Source: Primary data collected by authors.

A few more points from Table 3 need consideration. First, while the percentage of APL households reporting food inadequacy and food unavailability is almost half as that of BPL and Antyodaya households across most self-reported food insecurity parameters, a considerable proportion of APL households remain food insecure. Second, a lack of dietary diversity appears to be a major problem among both BPL/Antyodaya and APL cardholders. More than 60% of BPL/Antyodaya households and 30% of APL households reported having meals without vegetables and having meals that did not have the basic combination of cereals, pulses and vegetables. Village-based observation led us to conclude that the day-to-day diets of many households comprised only rice and a potato-based meal of some form. Third, coping strategies were diverse and sometimes extreme (including selling valuable household assets like jewellery, and engaging in distress-induced migration). Clearly, the data in Table 3 are indicative of the crucial importance of PDS for the vast bulk of households in the survey area.

4 Insights from Our Survey

The first and most important question from our survey is the extent to which beneficiaries gained their full PDS entitlements under the coupon system. Our results point to substantial shortfalls. Information was collected from respondents on their use

of PDS during the three months (January-March 2012) preceding the survey. In total, only 10.5% of BPL and Antyodaya households reported that they had successfully used coupons to acquire foodgrains in each of the past three months, and just 1% (a miserly two out of 191 BPL and Antyodaya households) reported getting their full foodgrain entitlement.

The reasons why the surveyed households were unable to obtain their PDS ration on the regular basis could be grouped into two core responses. “Reason 1” was that the household could not use all its coupons because of PDS maladministration. “Reason 2” was that FPS owners placed corrupt demands on beneficiaries, notably requiring two coupons to be submitted in exchange for just one month’s allocation. For BPL and Antyodaya cardholders, both these reasons were widespread (Table 4).

Table 4: Functioning of PDS Ration Coupons: A Summary

	BPL and Antyodaya Households (%)	APL Households (%)
Household received foodgrains in each month in the past three months preceding the survey*	10.5	na
Household received kerosene in each month in the past three months preceding the survey*	58.1	82.4
Reason 1: Household could not utilise all PDS coupons	48.2	9.5
Reason 2: FPS owner asked for more coupons	59.7	22.8
Both reasons	26.2	6.3
Total households (n)	191	159

*The reference period for this study was April 2011 to March 2012. Since these surveys were conducted in April-May 2012, as noted earlier, the three preceding months here refer to January, February and March 2012.

Source: Primary data collected by authors.

Reason 1: Households Could Not Use All Coupons

Almost 50% of all BPL and Antyodaya respondents reported that they could not use all their foodgrain coupons during the previous 12 months because of problems with late delivery (rendering coupons invalid) or because ration shop owners failed to honour coupons, citing an absence of stock. Moreover, 29% of BPL and Antyodaya households indicated they had three or more unusable foodgrain coupons, suggesting that they had missed at least three months of their entitlement during the past year.

The inability of beneficiaries to use coupons highlights severe problems of maladministration at various levels of Bihar’s PDS. In our survey, among the households who reported that they could not utilise the coupons, 33% of BPL/Antyodaya households reported that they were not able to utilise all their ration coupons because they were distributed after their validity had ended. Some of the households reported being provided coupons as long as six months after they expired. Another prominent reason for coupon underutilisation was that the FPS owner turned away the beneficiaries on account of insufficient stock. While some of the FPSs genuinely faced shortages in the supply from the higher end of PDS supply chain, on occasions these claims were bogus. According to informal testimonies from a number of village stakeholders, it was still common for many FPS owners to sell PDS grain on the open market, thus creating induced shortages for legitimate beneficiaries. In these situations, it was often the case

that FPS owners demanded beneficiaries to use more than one coupon to obtain their ration entitlement, an issue to which we now turn.

Reason 2: FPS Owners Demanded More Coupons

The propensity for FPS owners to demand additional coupons from beneficiaries was a widespread problem identified in our sample. As indicated in Table 4, 59.7% (114 households) of the 191 BPL and Antyodaya households in the sample were asked to provide more than one coupon for a month’s ration supplies. Out of this, 109 households provided foodgrain coupons for two months or more, including 15 households who provided three months’ coupons, in order to avail just one month’s ration.

Within all but one of the surveyed villages, there was glum resignation to the inevitability of these fraudulent practices. To quote one of the survey respondents:

It is not us who get less than what we are entitled to, but all families in the village. And no one speaks up against this practice. We do not think an individual voice of dissent could make any difference, but if we unite collective action could change things for the good.

This attitude reflects the prevailing power imbalance between most beneficiaries and FPS owners. In one of the study villages, for example, all four FPS owners were members of the high-caste and landowning classes of Rajputs and Bhumihars. By virtue of their social and economic standing, they were able to exert great influence over village affairs and suppress local disquiet. These survey findings parallel the insights of Khera (2011c: 1039) who observed that: “Having spent some time at ration shops, I noticed that they [the beneficiaries] were often cheated by their PDS dealer. Those who were aware of being cheated often complained to me, but did not protest in front of the PDS dealer.”

In rare cases when beneficiaries complained to block or district officials about these fraudulent practices, we were informed that the process of complaining often backfired, as the FPS owners would settle the issue in their favour and then act prejudicially against the complainants. Protests were frequently met with the threat of “no ration in the future”. In the words of one of the villagers:

When we protested and asked the dealer to provide us our full quota of ration, he threatened to stop the supply of our ration. Then, we shut our mouth because something is better than nothing. Is not it?

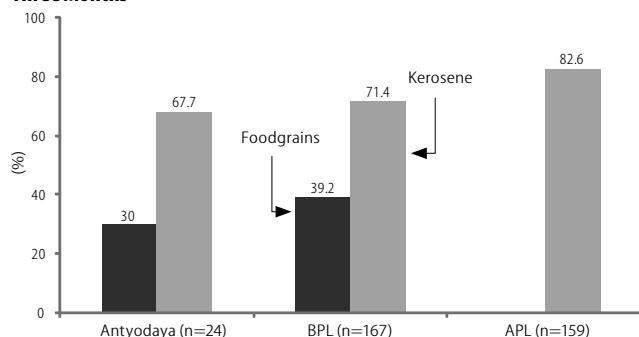
5 Survey Results in Their Place-Based Contexts

The earlier discussion paints a dismal picture of the operations of Bihar’s coupon system. At face value, this could be interpreted as evidence that the reforms have been an abject failure. However, whilst our survey results certainly underline the continued flourishing of PDS maladministration and corruption in the presence of coupons, it is important to distinguish the drivers of these outcomes. We suggest that evaluation of the coupons system in Bihar needs tempering by consideration of the place-based contexts in which it was implemented. Such assessment situates coupons as just one factor in a wider environment of systemic failure in the PDS.

A crucial piece of evidence towards a wider interpretation of the coupon system relates to our data on kerosene disbursements through the PDS. Up to now, this paper has largely focused on PDS foodgrain allocations, which are disbursed only to BPL and Antyodaya cardholders. However, Bihar's PDS arrangements also include (coupon-based) monthly allocations of 2.75 litres of kerosene to all cardholding households (Table 1). Importantly, we find that these kerosene allocations have considerably less leakage than foodgrain allocations, a fact we attribute to the way the universalised franchise rights for kerosene induce an altered place-based politics of the PDS that encourages greater transparency and efficiency.

To compare the operation of foodgrains and kerosene allocations, we compute the "purchase-entitlement ratio" (PER) as a measure to assess leakages from PDS. The PER is the proportion of full entitlement obtained by beneficiary households (Khera 2011a: 40). As shown in Figure 1, the PER for foodgrains for both Antyodaya and BPL households is extremely low (30% and 39% respectively), but the PER for kerosene is relatively high, at 68% and 71% respectively. Whilst it is higher still for APL households (83%), the overall impression from Figure 1 is that cardholding status does not exert a huge influence on kerosene allocation. APL households benefit from a slightly higher PER than BPL and Antyodaya households, but even in the worst (Antyodaya) cases, on average, households were reported to have received almost two litres of kerosene monthly, out of a potential full allocation of 2.75 litres.

Figure 1: Average PDS Purchase-Entitlement Ratio (PER) for the Past Three Months



Source: Primary data collected by authors.

The more obvious and seemingly important insight from Figure 1 is the stark difference for BPL and Antyodaya households in PERs between foodgrains and kerosene. Presumably, this highlights a considerably higher incidence of pilferage/leakage in foodgrains than for kerosene. Moreover, what is especially striking about this fact is that discussion with FPS owners in our case-study villages revealed that the price differential between PDS-subsidised and open-market kerosene was greater than that for foodgrains, hence suggesting (*ceteris paribus*) that kerosene would be a more profitable item to pilfer than foodgrains.²

A likely explanation for the differing PERs between foodgrains and kerosene is the fact that the allocations of these two items are connected to quite different local politics. With kerosene, APL households have a direct stake in the efficiency of the PDS system. Through the interlocked village-based

networks of caste and influence, this stake translates into strong pressures on FPS owners to ensure high allocations. Moreover, as indicated in Table 2, APL households tend to have higher literacy and income, which would convert into greater knowledge about rights and entitlements.

We contend, therefore, that the superficial ambiguity in our survey data – suggesting that the coupon-based system is consistent with relatively high proportions of kerosene allocation across the social spectrum but parlous performance with regards to foodgrains – is shaped by the role of local politics in exerting influence over the system. In most of our study villages, FPS owners tended to class and caste allegiances that were separate to those of beneficiaries. This might as well be the case in much of rural Bihar. Bihar has more than one-third of India's most backward districts (26 out of 69) (Debroy and Bhandari 2003). In these pockets of deprivation, Antyodaya and BPL beneficiaries are often ill-equipped to understand or assert their rights, and for FPS owners, ignorance and disempowerment represent avenues for exploitation. To quote a respondent from one of the surveyed village, operating a FPS:

...is a profitable business. The dealer here makes a lot of money by selling the grain in the open market, so much so that when his son was elected as a ward member of the Gram Panchayat (GP), he had to ask him to leave that job to retain the license as you cannot have a PDS shop license if anyone from your family is an elected member of GP. And believe me, he didn't want to lose out on the goldmine of grain.

Indeed, a number of Antyodaya and BPL respondents we spoke to during the household surveys accused the FPS owners bitterly. Our fieldwork, however, also revealed that while culprits, the positions of the FPS owners are connected, in turn, to wider anomalies in the operation of the PDS in Bihar. For example, in one of the sample villages when the villagers united to demand from the FPS owner their full ration entitlements, he got his licence transferred to another village nearby because the bribes he was compelled to pay to the higher authorities in the PDS chain meant that distributing actual entitlements was not possible if he were to stay in the business. A gram panchayat mukhiya very candidly suggested: "All the dealers [FPS owners] have to pay bribes to higher authorities to keep themselves in the business. It is not the dealer's fault. He cannot possibly pay from his own pocket. These bribes then are ultimately passed on to the PDS beneficiaries."

Most of the FPS owners we spoke to advised us that each 50 kg bag of wheat and rice obtained from PDS depots typically weigh around 44-46 kg. Furthermore, FPS owners alleged they did not receive adequate compensation for the costs of transporting rations from depots to village ration stores. In one village, even though the PDS supplies to a FPS owner were delayed by three months from the block warehouse, the owner was still required to deposit the money corresponding to his monthly offtake upfront, for each month. FPS owners advised us that the only way they could afford the average amount of Rs 50,000 that was required to be paid each month to acquire their grain was to borrow money on interest. These deficits in operational costs were typically passed onto beneficiaries.

Nevertheless, as our survey data indicates, where local circumstances contrive in ways that give greater scope for FPS owners to exploit their powers, this will occur with greater abandon and those most in need of the PDS will suffer the most.

6 Conclusions

This paper has provided an assessment of Bihar's coupon-based system of PDS delivery, based primarily on a survey of 350 households in 10 strategically selected villages, spread across nine administrative blocks in a single district of western Bihar. Findings from the survey provide a somewhat confounding and ambiguous reading of the operation of the coupon system. We find that high rates of foodgrains leakage persist in the context of coupons. Maladministrative practices lead to many households receiving expired coupons, and FPS owners devise a series of strategies to extract profits from beneficiaries – either by way of inducing artificial shortages by side-selling PDS grains on the open market, or by requiring beneficiaries to procure a month's ration using two or three coupons. However, in the parallel instance of kerosene allocations through the PDS, beneficiaries across the board tended to receive disbursements that were relatively close to full entitlements.

We hypothesise that a key reason for these diverse outcomes is that the franchise for PDS kerosene differs significantly from that for PDS foodgrains. The universality of the former helps induce a local politics of the PDS in which FPS owners have lesser scope to trample rights. This occurs notwithstanding the apparent fact that opportunities for profiteering in kerosene are more lucrative than for foodgrains.

These insights have relevance both in terms of assessing Bihar's experiment with coupon-based PDS delivery, and the wider national politics of the PDS. In terms of the former, they highlight the need for holistic reform. There is enough evidence in our survey and related fieldwork to suggest that coupons probably exert a generally positive role in terms of improving transparency at the FPS-beneficiary interface. Notwithstanding their evident continuing scope for abuse, the use of coupons would seem to represent structural improvement to the FPS-beneficiary relationship. However, it is equally noteworthy that the introduction of coupons but without requisite wider PDS reforms represents a band aid that does not, on its own, stem systemic problems. Hence, while we do not criticise coupons as a reform path for the PDS, expectations of their impacts and effectiveness need to be cushioned by wider understandings of their place within the PDS system.

Positing the issue more broadly, this survey data from a remote corner of Bihar brings into focus key issues of national significance. The PDS remains the bedrock of India's efforts to deliver food security to its most vulnerable citizens, and with the National Food Security Act (2013), has been further inscribed as a fixture in India's national life. Yet at this very same time, PDS administration has been subject to increasing levels of reform. States have been experimenting in various ways to reduce leakage and maladministration. Behind the scenes, these efforts have been contextualised by a wider set of claims asserting that PDS reform is a lost cause and should be replaced

wholesale by direct cash transfers. These wider arguments dramatically reframe the stakes in the analysis of PDS reforms. No longer is this issue simply about programme management, but part of a larger play about the structural future of India's food-based social safety net.

In these contexts, this study underlines themes that have crucial importance for agendas to maintain and strengthen a ration-based system (albeit delivered via coupons) vis-à-vis cash transfer alternatives. The first of these relates to universality. In recent debates about the National Food Security Act, this dimension of PDS delivery was put under the spotlight. Drawing from the Tamil Nadu case, Drèze and Sen (2011) argued that universality in PDS entitlement, despite its obvious higher initial costs, ultimately generated budgetary and public efficiencies because of its role in eliminating the potential for inclusion and exclusion errors, and the attached rent-seeking that went along with this. Furthermore, research by Drèze and Khera (2013) has also highlighted the positive impact of PDS on rural poverty in India, with this impact being much greater in states which have a well-functioning and inclusive PDS. This study builds on those arguments by calling attention to the capacity for universality to help instigate a local politics in which improved PDS delivery is an issue of common concern across class and caste constituencies.

Second, the study points to the question of how the class and caste allegiances of FPS owners structures social patterns of disbursement. In Chhattisgarh and some other states, a key plank of PDS reform has involved combating FPS profiteering by allocating FPS licences to local, female-operated self-help groups. The absence of this type of reform in our case-study villages in rural Bihar highlights the local political and economic consequences of FPS ownership. Unless these issues are tackled, coupons can only have a partial impact on the creation of a more just and efficient, rations-based system of PDS delivery.

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NOTES

- 1 Migration from this Bihar tends to be largely dominated by single-male outflows. Using Census 2001 Primary Census Abstract village-level data on the age and sex composition of population, the selection of villages thus followed the principle of choosing villages that had at least 1,000 females per 1,000 males in the age group of six years and above as a proxy indicator of migration. (Ideally choosing population aged 10 years and above would have been more suitable but the village census data does not provide single-year age returns.) In other words, it was assumed that villages with sex ratio (females/1,000 males) skewed in favour of females will likely have high out-migration rate.
- 2 In some areas of India, a low PER for foodgrains is indicative of low quality which encourages households to not take up their PDS rations (Khera 2012: 40). However in our survey villages, this process is extremely unlikely because of the extreme poverty of most households.

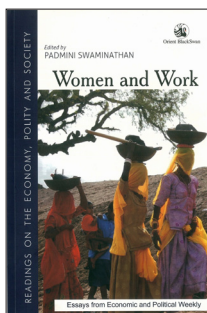
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Women and Work

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Pp xii + 394

ISBN 978-81-250-4777-3

2012

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