

### Promise made only on paper

The self-proclaimed pro-poor UF government made the poor poorer, says **Uttam Gupta**



(difference between Rs 8.0 per kg and Rs 4.0 per kg). On the overall purchase of 20 kg thus, it suffers a net loss of Rs 25 vis-a-vis the earlier system. Far from helping the poor, the self-proclaimed pro-poor UF government made him poorer.

The government has now once again generated a euphoria that it intends to help the poor. At a recent meeting of UF steering committee, it indicated its mind to increase supplies to each poor family by 10 kg per month. Assuming for a moment that it is more business-like now, this is no favour to the poor at all. Having dodged him initially, when the entitlement was surreptitiously reduced to half, all that it may be contemplating now is to undo this wrong.

A careful look into the nitty gritty would, however, reveal that even this promise is an eye-wash.

Under pressure from the finance ministry, which fears further increase in subsidy if additional quantity is also given at the same price i.e. Rs 2.5 per kg, the government proposes to make available extra quantities at higher price applicable to APL (above poverty line) families i.e. Rs 4.50 per kg. The poor might console that this is better than buying from market at a still higher price. But, where are the additional quantities?

At the rate of 20 kg per month or 240 kg per annum, foodgrain requirements of 80 million poor families will be about 20 million tonne. Against this, the maximum quantities ever handled, and distribution through PDS was 20.8 million tonne during 1991-92. Over the years, sales from PDS have declined, indicating progressive erosion in the capacity of the system.

To expect that the system can meet food

needs of all, including non-poor and yet provide more to poor is asking for the impossible. The extra needs of poor could be accommodated only by taking non-poor off the PDS ambit. However, the government is in no mood to take this step. In fact, at the chief ministers' conference in July 1996, majority of the states had vehemently opposed such a move and GoI preferred to go along. Consequently, providing extra food to poor will only remain a promise on paper.

The crux of the problem is that neither the government, nor the parties supporting it from outside have any genuine interest in meeting basic minimum food needs of poor. The talk of increasing allocation by 10 kg was more out of the political compulsion of satisfying the Left partners.

It may be recalled that initially, the Left opposed contemplated hike in price of petroleum products tooth and nail, but eventually decided to go along after extracting a promise that poor would be given more food from ration shop to compensate for inflationary effect of the PoL price hike. Ironically, even as the poor is saddled with latter, the former remains a distant dream.

The government should make up its mind on whether it really wishes to provide more foodgrain to the poor or not. If yes, then given the limitation of infrastructure, the only way it can be done is to take the APL families off the ambit of PDS. True, many of them may be genuinely needing subsidised supplies; but, when resources and infrastructure are limited, these have to be necessarily restricted to the BPL.

Even when the capability of PDS improves at some future point of time, effort should be made to further increase allocation to poor to meet their requirements in full — this is about 50 kg per month per family rather than straining system by including APL families.

As regards price, the entire 20 kg may be given at Rs 3.5 per kg — average of Rs 2.5 per kg and Rs 4.5 per kg. While this will make him a shade better than the erstwhile PDS, further benefit would accrue on account of reduction in market prices caused by lower demand.

The ballooning deficit in OPA has played havoc. It could have been tackled by exercising options such as reduction in duties etc. But, the government preferred the easier option. Due to steep hike in PoL prices especially diesel, cost of producing and transporting foodgrain is bound to go up. Unless subsidy on food is raised, issue price will come under pressure. The government will have to carefully plan its strategy to ensure that the price is not increased further.

**T**HE game of hide and seek with the poor continues. Last year, on August 15, 1996, former Prime Minister, Deve Gowda, announced from the ramparts of Red Fort that under the revamped public distribution system (RPDS), all households subsisting below poverty line — estimated at about 80 million — would be given 10 kg of foodgrain per month at half the prevailing issue price from the ration shop. For instance, the issue price of wheat being Rs 4.05 per kg, he promised supplies at Rs 2.0 per kg.

Apart from the price concession, the main attraction of this package was that all the poor would be brought within the ambit of PDS. There was nothing new in this promise. In public pronouncement, the government has always maintained that it is committed to meet food needs of all the poor. But, in implementation, this has been religiously ignored. As a result, majority of the poor still do not have access to the PDS.

Even as Deve Gowda resurrected hope and wanted all states and union territories to gear up for identifying the poor, six months lapsed without any state reporting progress. And, when the RPDS was formally launched in April 1997, it sounded as though all states were fully prepared for service to the poor. However, given the background, it is highly unlikely that a proper job would have been done.

In Andhra Pradesh, it is understood that all beneficiaries of state government's subsidised rice scheme became eligible for supplies under RPDS. And since, the former included a vast majority of non-poor, these groups continue to benefit under the latter. The dominant poverty-stricken states like Bihar and UP continue to lift only a small fraction of their allocated quota. The unutilised quantities are diverted to states where concentration of poor is less. Thus, a substantial chunk of poor still remain outside the fold of RPDS.

The poor already covered by PDS have got a raw deal. Against a minimum of 20 kg per month that they were getting in majority of the states, under the RPDS, this has been reduced to 10 kg per month at a price of Rs 2.5 per kg against Rs 2.0 per kg promised by Deve Gowda. The balance 10 kg has to be made up by purchase from the market at a much higher price of, say, a minimum of about Rs 8 per kg.

Whereas on 10 kg supplied from ration shop, there is a gain of Rs 15 per month (differential between Rs 4 per kg and Rs 2.5 per kg charged now), the family suffers a loss of Rs 40 per month on purchase of 10 kg from the market