Reforms in PDS Administration Through Computerisation: A Weak Case for Aadhaarisation

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Faced with numerous criticisms of the functioning of the Public Distribution System (PDS), including the costly 'exclusion errors', and following the various interim orders of the Supreme Court in the 'Right to Food' case, the government has undertaken a number of reform initiatives. Computerisation of the entire supply chain, i.e. from procurement to distribution, including linking the PDS to the Aadhaar scheme of the Unique Identification Authority of India, has been reviewed in this paper for its potential advantages and disadvantages towards achieving food security for the people, especially the financially poor. Besides critically analysing the report of the task force on IT strategy for PDS reform, the paper questions the supposed logic of 'efficiency', as advanced by the government, for promoting Aadhaar. The paper has argued that such a 'computerised solution' is not only unnecessary for ameliorating the teething problems of the PDS, but also signifies further withdrawal of the State from the goods sector altogether. It concludes that in future, by all indications, the State will be just a glorified provider of a few services and subsidies to the identified beneficiaries. With such a limited scope of its obligations/duties, food security with universal coverage will certainly remain elusive forever.

I. Introduction

This review essay discusses the recent engagement by the Government of India to computerise the Public Distribution System (PDS). Of particular focus is the attempt by a section of the government to link the PDS to the Aadhaar scheme of the Unique Identification Authority of India (UIDAI), attached to the Planning Commission.

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Admittedly, the PDS is plagued with multidimensional and rather serious problems, which warrants reforms of many kinds due to its importance towards achieving food security for the people of this country, especially those lacking economic power.[1] It is important, thus, to evaluate what is being offered and the limitations therein.

II. Food Security: Theory and Concepts

Given the interconnectedness and the supposed objective of the entire exercise of reforming the administration of the PDS, the contested concept of food security (FS) may be explored first. Early definitions of FS had focussed mainly on 'adequate world food supplies of basic foodstuffs' so as to result in a steady rise in food consumption. In contrast, a more recent one has included several other elements beyond just the quantitative dimension:

> *Food security exists when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food which meets their dietary needs and food preferences for an active and healthy life. Household food security is the application of this concept to the family level, with individuals within households as the focus of concern. Food insecurity exists when people do not have adequate physical, social or economic access to food as defined above.*[2]

FS is different from, and beyond that of, the physiological state of being hungry. All those experiencing such a feeling are food

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1 The Report of the Task Force on IT Strategy for PDS had quite rightly identified the problem:

> *[…] deficiencies in the implementation of PDS have plagued the system. In many cases, the true beneficiaries of these subsidies suffer due to wholesale problems such as large-scale pilferage and diversion, and retail level problems such as duplicates and ghost beneficiaries, wrongful exclusion and inclusion, availability and quality of the commodities, as well as Fair Price Shop level pilferage.*

2 *Trade Reforms and Food Security: conceptualizing the linkages*, Commodity Policy and Projections Service, Commodities and Trade Division (Food and Agriculture Organization, Rome 2003), http://www.fao.org/docrep/005/y4671e/y4671e00.htm (last visited Oct.17, 2012).

insecure no doubt, but even those who live on a subsistence energy intake lesser than the Recommended Daily Allowance (in food-Calorie) (as per the individual's age-sex-activity), are deemed to be food insecure[3] according to the recommended Calorie values for the Indian population. The most common response to food insecurity worldwide has been the State's adoption of programmes to generate adequate levels of effective demand via income transfer or increase.[4] These have ranged from making subsidised food grains available at Fair Price Shops (FPS or ration shops) to employment generation programmes with a portion of the wage paid in food (or food provided outside of wages).[5] These responses have been witnessed in both the less industrialised countries like India or Brazil, as well as in the more industrialised ones such as United States or the European Union.[6] While the mode and extent of coverage has been varied across countries, in all Asian countries, food security has been considered a primary responsibility of the State.[7]

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3 Nutrient Requirements and Recommended Dietary Allowances for *Indians, A Report of the Expert Group of Indian Council of Medical Research 2009*, *available at* http://icmr.nic.in/final/RDA-2010.pdf.

4 Madhura Swaminathan, *Consumer food subsidies in India: Proposals for reform*, 27 J. Peasant Studies 92,93 (2000) (One of the major demand side factors for the exclusion of the poor from the PDS in India had been income-poverty or lack of cash with the potential buyer on the few days of the month when foodgrains had been made available in the FPS); Government of India, Ministry of Consumer Affairs, Food, and Public Distribution, 2002, *Report of the High Level Committee on Long-Term Grain Policy* (The Government of India has also accepted this: 'the basic cause of food insecurity (as well as for the lack of demand for food) is the lack of purchasing power with the poor. This situation can only be rectified through promotion of rural and urban livelihoods, income and employment); Abdulai, Awudu and Christian Kuhlgatz, *Food Security Policy in Developing Countries,* in Jayson L. Lusk, Jutta Roosen, and Jason Shogren, The Oxford Handbook of the Economics of Food Consumption and Policy 344,345 (2011).

5 *Id.*

6 Wilde, Parke, *Food Security Policy in Developed Countries* in Jayson L. Lusk, Jutta Roosen, and Jason Shogren, The Oxford Handbook of the Economics of Food Consumption and Policy 322 (2011).

7 Vijay S. Vyas, 2005, *From Elimination of Hunger to Food and Nutrition Security: Performance, Prospects and Policy Options in Selected Asian Countries*, in Food Security in Asian Countries in the context of Millenium Goals 13,14 (Vijay S Vyas, ed., 2005).

Irrespective of its nature and scope, however, each type of assistance involves a set of micro- and macro- impacts. For instance, a wage guarantee scheme like MNREGA in India may put an upward pressure on the rural wage, as a result of which the monetary cost of production of agricultural products may increase. Whether it leads to an increase in food grain prices (defeating the very purpose of such a programme) or not depends on the relative shift of the supply and demand curves. Similarly, an increase in the Minimum Support Prices (MSP) owing to political pressure by the powerful farmer's lobby may result in aggravating the precarious situation of the already food insecure population. This is especially true for those in rural areas who are not connected with farming, and also for those who live in urban areas. On the other hand, all these possibilities can be minimised, if not avoided altogether, in a situation where the state ensures the availability of, and access to, food grains to the entire population; in other words, universal coverage of the PDS. The Government of India has thought otherwise.

A. Food Security, Statutorily Speaking

The objectives[8] or statutory functions of the Food Corporation of India (FCI), as included in the Food Corporation of India Act, 1964,[9] do not mention any of the aspects of FS stated above; rather, the focus

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[8] It reads: 'trading in foodgrains and other foodstuffs and for matters connected therewith and incidental thereto'.

[9] 13. Functions of Corporation.

(1) Subject to the provisions of this Act, it shall be the primary duty of the Corporation to undertake the purchase, storage, movement transport, distribution and sale of foodgrains and other foodstuffs.

(2) Subject as aforesaid, the Corporation may also, with the previous approval of the Central Government,—

(a) Promote by such means as it thinks fit the production of foodgrains and other foodstuffs;

(b) Set up, or assist in the setting up of, rice mills, flour mills and other undertakings for the processing of foodgrains and other foodstuffs; and

(c) Discharge such other functions as may be prescribed or as are supplemental, incidental or consequential to any of the functions conferred on it under this Act.

had been on the various aspects of production and trading in food grains. On the other hand, the purview of the National Advisory Council's (NAC) proposed National Food Security Bill (NFSB), 2011 — situated within the 'right to food' framework — starts from procurement (chapter VII: Public Distribution System) and ends with access by the beneficiary.[10] Ensuring the 'public provisioning of food and related measures to enable assured economic and social access to adequate food, for all persons in the country, at all times, in pursuance of their fundamental right to live with dignity'[11] remains a duty of the government within such a paradigm. In other words, the present scope of the Bill leaves out the matter of production altogether.

A possible future expansion of such duties, however, has been indicated in the preamble: 'a set of core entitlements within the universal right to food and nutrition are provided to be enjoyed and progressively expanded until universal access to adequate nutrition is achieved'. In fact, Chapter XVII of the Bill ("Progressive realisation of food security") brings out the relevant details '[f]or further advancing food and nutritional security'.[12] Besides, the 'explanatory

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10 The analysis in this paper is based on the version proposed by the National Advisory Council and not the one placed in the Lok Sabha.

11 *Interim Report of the Task Force on Direct Transfer of Subsidies on Kerosene, LPG and Fertiliser*, Government of India (Jun. 2011) *available at* http://finmin.nic.in/reports/Interim_report_Task_Force_DTS.pdf.

12 [...]central, state and local governments shall progressively endeavour to-

(a) Make efforts to revitalize agriculture and promote agrarian reform, through measures such as securing the interests of small and marginal farmers through remunerative prices, credit, irrigation, crop insurance and technical assistance, and focus on dryland regions;

(b) Prohibit unnecessary and unwarranted diversion of land and water from food production; and promote decentralized food production, procurement and distribution systems;

(c) Pay particular attention to small farmers; and women and youth farmers who constitute the majority of the farming population;

(d) Progressively increase investments in agriculture, research and development, extension, micro and minor irrigation and rural power supply;

(e) Diversify commodities available under the Public Distribution System (PDS), to include over time pulses, oil and cooking fuel;

note' by the National Advisory Council attached with the 'Draft National Food Security Bill' also includes a few paragraphs on the various aspects of production.[13]

B. Food Security: Implementation Issues

Certainly, operationalization of such an ideal state of food security, described earlier in the paper, involves matters related to

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(f) Provide universal access to safe and adequate drinking water and sanitation.

(g) Progressively realize universal health care coverage;

(h) Progressively realize universal access to crèche facilities;

(i) Further the commitments enshrined in Article 47 of the Constitution of India that obliges the State to raise the level of nutrition and the standard of living and to improve public health, the Governments shall progressively realize universal access to vitamin A, iodine and iron supplementation.

(j) Provide residential schools for all children in need of care and protection who are deprived of responsible adult protection.

(k) Progressively realize universal nutritional, health and education support to all adolescent girls.

(l) Provide for just and humane conditions of work and maternity relief,

(m) Provide for universal access to adequate pensions for aged, disabled and single women, at rates which are not less than the prevailing statutory minimum wages for unskilled workers.

(n) Provide special nutrition support for persons with stigmatised and debilitating ailments such as HIV/AIDS, leprosy and TB.

[13] They included augmentation of yield in both rainfed and irrigated areas even with the present technologies for which a significant potential has remained untapped, expanded procurement as a mechanism for incentivising production and thus securing the livelihood, among others. There is a strong case for revitalization of agriculture and food production (with special focus on smaller farmers in rainfed areas, and promotion of millets, pulses and oilseeds). Government should endeavour to promote agrarian reform, and revitalize agriculture through ensuring remunerative prices, credit, irrigation, crop insurance and technical assistance; endeavouring to prohibit unnecessary and unwarranted diversion of land and water from food production; and promoting decentralized food production, procurement and distribution systems. A major segment of the food insecure in India are food producers themselves, and increasing their productivity and ensuring them remunerative prices would protect small and marginal farmers from hunger (NAC 2011b).

production, allocation, and distribution. From the current state of affairs, that is indeed a long way to go. In fact, the present 'strategy' of the Government of India, following the directions of the Supreme Court in the 'Right to Food' case,[14] deals only with the aspects of allocation and distribution. Even within such a limited scope, it is important to examine the claims by the government to be achieved by the offered 'reform measures'. It is particularly true for the brouhaha over the computerisation related efforts, and especially the Aadhaar scheme, which have been portrayed by the Government as a panacea for most, if not, all the problems that plague the PDS today. Undoubtedly, computerisation may improve the efficiency of the delivery mechanism, but can do so only where a prior transaction exists. Per se, it cannot create a demand for food or employment/income; the best it can achieve is to plug some of the loopholes so that the 'additional' food grain can be distributed at a price even lower than the present Antyodaya rates, for financial savings in terms of storage.PDS in India has had a chequered history. Jos Mooij, in a review of the food policy of India between 1939 and late 1990s, identified the Report of the Jha Committee on Foodgrains Prices for 1964-65 as a watershed moment, for recommending low prices to consumers while having price incentives for agricultural production.[15] Along with price stabilization, this had become the central operationalization principle for the PDS in later years.[16]

As noted earlier, the FCI was established as the sole central agency for procurement, storage, transportation and distribution of food commodities viz. rice, wheat, sugar, edible oils, kerosene and coal. The first sign of its loss of efficacy came in 1994, with the off take falling to 14 MT from its peak of 20.8 MT in 1991.[17] Subsequently,

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14 *See*, *infra* section 2 below for a brief review of the relevant components of this landmark case.

15 Jos Mooij, *Food policy and politics: The political economy of the public distribution system in India*, 25 J. Peasant Studies 77, 83 (1998).

16 *Id.*

17 Swaminathan, *supra* note 4, at 95.

however, during 1995-98, there was a rise, followed by a fall, with an off take of 10.9 MT in 1999-2000. In 2003-04, it had increased marginally to 14.07 MT. *Economic Survey* 2010-11 had pegged it at 37.43 MT in 2007-08 and 52 MT in 2010-11.[18] These all-India figures, however, hide the widely fluctuating distribution across the states.[19]

In 1997, Targeted PDS (TPDS) was introduced, that demarcated the poor from the non-poor on the basis of a methodologically flawed poverty line.[20] The resulting wrongful exclusion was even acknowledged by the government in the *Economic Survey* 2011-12 (see below).[21] First, consider the observations made by the *Long term Food grain Policy*:[22]

> *[TPDS][...] may have served to blunt the efficacy of the PDS in meeting its original goal of price stabilisation, while not delivering fully in terms of the new concern to focus subsidies to the poor.*
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> *By excluding a large number of families, the TPDS undermined the viability of Fair Price shops and increased scope for distortion and leakage. […] it did not reach the poor in States where the PDS was weak prior to its introduction. We feel that it is essential to go back to an universal PDS [...].*

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18 GoI, *Economic Survey 2011-12*, Ministry of Finance, Government of India, 198 (2012).

19 R. Ramkumar, *Food Insecurities*, (FRONTLINE, Jul. 17-30, 2010) *available at* http://www.frontlineonnet.com/fl2715/stories/20100730271513000.htm.

20 *See*, Nilakantha Rath, *Measurement of Poverty: In Retrospect and Prospect*, 46(42)Econ. & Pol. Wkly. 40,41 (2012) (among others, for the problems in the calculation in Calorie based poverty lines. At present, the Government of India is engaged in a BPL or Socio-economic and Caste census based on ranking of households on certain criteria).

21 GoI, *supra* note 18.

22 GoI, *Report of the High level Committee on Long Term Grain Policy*, Ministry of Consumer Affairs, Food and Public Distribution, Government of India (2002), *available at* http://dfpd.nic.in/?q=node/138.

In TPDS, the focus had been on minimising the error of inclusion rather than that of exclusion. More universal a scheme is, greater is the probability of wrongful inclusion. Conversely, the finer the targeting, more is the likelihood of 'type-I errors' or wrongful exclusions.[23] This 'policy' bears some uncanny similarity to one of the universally accepted principles in the Anglo-American criminal jurisprudence, famously epitomised by the 'Blackstone Ratio': 'Better that ten guilty persons escape than that one innocent suffer'.[24] The problem is that while the latter can be rightly defended as a principle for not causing injustice or a 'bad', in the case of access of foodgrains, it is a 'good'.[25] This crucial difference seems to have been ignored by the mandarins in the corridors of power, even if it is otherwise widely acknowledged. 'The errors of inclusion have only financial implications, but errors of exclusion have social costs, which have to be weighted higher'.[26] In an assessment of TPDS, it was concluded that there was no failsafe methodology by which income-poor households could actually be identified, but the non-identification of income-poor households led to costly exclusion errors.[27] Further,

> *[...] by restricting subsidized foodgrain distribution to identified income poor households in food deficit regions/states, it is not able to protect other poor households from high foodgrain prices. Therefore the issue is whether moderation and stabilization*

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[23] Swaminathan, *supra* note 4, at 93.

[24] In statistical terms, exclusion of a 'true' beneficiary means rejection of the null hypothesis when it is true, or type-I error. On the other hand, inclusion of a 'false' name in the form of a bogus ration card means acceptance of the null hypothesis when it is false, or type-II error.

[25] Swaminathan, *supra* note 4, at 93 (In addition, it lists several other problems in any targeting exercise which includes loss of a basic right (sought to be corrected by the proposed National Food Security Act), information distortion, administering cost in targeting, social stigma, fall in quality (with the middle income population, who are more vocal than the poor), among others).

[26] Ramkumar, *supra* note 19.

[27] Planning Commission of India, Inter Ministry Task Group Reports, *available at* http://planningcommission.nic.in/aboutus/taskforce/index.php?about=inter.htm.

> *of foodgrain prices throughout the country should continue as the main goal of the PDS, rather than the goal of income transfer to the poor, for which there are other options available.*[28]

Besides the failure to extend universal coverage, criticism had been mounted on the PDS on a number of other grounds for its failure to fulfil its mandate.[29] In response, many proposals surfaced, ranging from complete privatisation of the distribution systems to the provision of direct subsidy to the beneficiaries. As the mode or instrument, suggestions included food coupons or stamps, equivalent to the amount of subsidy per household. The only common element across the proposals, however, has been the massive corruption that has engulfed the PDS.

In contrast to these 'suggestions' and 'proposals', the multiple interim orders by the Supreme Court (SC) in the famous 'Right to Food' case, was rather, a *direction* to the Government. A few of the orders had been on the computerisation of the entire system, covering the entire chain of procurement starting from the farmers and ending with the delivery to the final consumer. Interestingly, the Government took this opportunity with open arms and went beyond the directions from the Court; in the process, the entire subsidy scheme came under the purview of the computerisation scheme. The bottom-line had been to transfer the subsidy directly to the beneficiaries, through cash transfers to a bank account or to a smart card device. Aadhaar apparently has offered an ideal platform for such a scheme, in which the responsibilities of the State will be at a minimum, of making only a cash transfer of a pre-defined amount to the 'beneficiaries'.

The following section will trace the logic, as advanced by the government, behind such a 'paradigm shift' to a mere financial obligation from a 'materialistic' one, for which promotion of Aadhaar was necessary. Section IV will narrate the developments associated with the 'Right to Food case', that led to the computerisation efforts

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28 *Id.*

29 Swaminathan, *supra* note 4, at 93-94.

by the government. Section V will evaluate the proposed 'computerised reforms' by the Task force on IT strategy for PDS where the Aadhaar scheme finds quite a prominence. The paper will end with a few concluding remarks in the final section.

III. Aadhaar Scheme—A Camouflage for Further Withdrawal of the State

In the budget speech delivered on March 16, 2012, the Finance Minister had stated that following the acceptance of the recommendations of the 'Task Force on IT Strategy for Direct Transfer of Subsidy', a mobile-based Fertiliser Management System (mFMS) had been designed.[30] Direct transfer of subsidy to the retailer, and eventually to the farmer was to be implemented in subsequent phases.[31] On the basis of just three pilot projects (in Mysore, Alwar district and Jharkhand state), the Government could find the potentialities of 'substantial economies in subsidy outgo' through the use of the Aadhaar platform.

However, the Aadhar scheme is neither necessary for resolving the problems plaguing the PDS, nor is it sufficient; plugging most, if not all, its leaks does not warrant any involvement of Aadhaar. For example, identification of the beneficiaries is a complex exercise which requires the cooperation of several agencies including the state governments, apart from a sound and accepted methodology. Aadhaar can, at best, serve as an identifier. In fact, the Government itself has accepted these limitations (see below), but has chosen to turn a blind eye. It points to further withdrawal of the state from the sectors where it still retains near complete control, even twenty years after the initiation of neo-liberal reforms. After electricity and water, it is the turn of food distribution, which has become a cynosure of the private capitalists, mostly of foreign origin.

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30 GoI, *Budget Speech by Finance Minister*, Ministry of Finance, 5, *available at* http://indiabudget.nic.in/bspeecha.asp.

31 *Id.*

The documented root of this 'paradigm shift' can be traced to the *Economic Survey 2009-10*. In the section titled 'The Challenge of Poverty', within the chapter 'Micro-foundations of Inclusive Growth', the Government had argued that '[o]n agriculture sector policy and price control there is need to go the way India did with industry in 1991. Keeping this in mind, it is possible to outline systems for supporting the poor which are more efficient and better targeted than the present ones'.[32] It had argued that the 'prices are best left to the market', while pointing at the 'common mistake' of supposing that 'a subsidy scheme has to be coupled with price control':

> *If we want to ensure that poor consumers are not exposed to the vagaries of the market, the best way to intervene is to help the poor directly instead of trying to control prices, which almost invariably does more harm than good in the long run, and often even not so long a run.*

Subsequently, the basic contours of a system that could be devised by a 'good policy strategist' with the ability to 'craft incentive-compatible interventions' were spelled out:

> *The two planks of this system are (i) the subsidy should be handed over directly to the households, instead of giving it to the PDS store-keeper in the form of cheap grain and then have him deliver it to the needy households and (ii) the household should be given the freedom to choose which store it buys the food from.*[33]

The reader may note the irrefutable logic of 'efficiency' of the perfect competition behind the veil of 'choice to consumers', 'prices left to the market', etc. Indeed, no one can deny them. As with the theoretical construct, the problem lies in the assumptions behind the scheme, howsoever appealing they may look on paper.[34] Note further the contradictory claims:

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32 *Economic Survey 2009-10*, Ministry of Finance, Government of India, *available at* http://indiabudget.nic.in/es2009-10/esmain.htm

33 *Id.*

34 Ramkumar, *supra* note 19 (Consider a hypothetical example: the food grains are to

> *For the full success of this "coupons system" what is needed is an effective method of identifying the poor. This is where the Unique Identification (UID) System, an initiative already launched by the present Government, under the Unique Identification Authority of India (UIDAI) comes into play. […] Since the Unique Identification will not, in itself, have information on people's poverty status, these kinds of tailoring of information will need to be added on to the UID System. Further, since households do move in and out of BPL status there has to be provision for updating on information.*[35]

Acknowledgement of the fact that the system of Aadhaar cards is unnecessary for the identification of poor, while simultaneously declaring it an essential requirement for the 'success' of the coupon system can, by no stretch of imagination, be termed a 'crafty' intervention. On the other hand, there are definite reasons to believe that with Aadhaar as the platform for the delivery of various services by the government, there will be no possibility of universalisation of PDS, a crucial requirement for the food security of the people. A reading of the events as they unfold indicates that the government will slowly withdraw completely from the goods sector and hand over the service delivery to private entities, or at best, to the state-owned autonomous corporations, following the neo-liberal logic. As acknowledged by the *Economic Survey 2011-12*, the sole purpose of the UIDAI project was to 'create a platform that serves as an 'identification infrastructure' for delivery of public and private services to the residents of India'.[36] With such intent, the promoters of Aadhaar in the Government will manufacture conditions for its applicability,

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be allocated to the individual FPS *prior* to the revelation of the choice by the consumers which may lead to piling up of stocks, and on the other hand, faced with an inflow of migrant population, an individual FPS may not be able to cater to the entire demand. These are exactly the problems that are faced by the present PDS, viz. of diversion of stock from FPS to the open market and denial of sell by the FPS).

35 *Economic Survey 2009-10, supra* note 32.

36 *Economic Survey 2011-12*, Ministry of Finance, Government of India, 29 (2011).

no matter how unwarranted or illogical. One may wish that such 'political will' could have been shown by the government to address the real issues.

IV. Judicial Interventions Towards Computerisation Following the 'Right to Food' Case

Writ petition (civil) no. 196 of 2001, the 'mother-event' thatled to the computerisation initiatives, was submitted by the People's Union for Civil Liberties (PUCL), Rajasthan chapter, in April 2001. It had raised the following questions before the Supreme Court to adjudicate upon:

A. Starvation death is a natural phenomenon while there is a surplus stock of food grains in the Government godown. Does the right to life mean that people who are starving and who are too poor to buy food grains be given food grains fee of cost by the State from the surplus stock lying with the State, particularly when it is reported that a large part of it is lying unused and rotting?

B. Does not the right to life under Article 21 of the Constitution of India include the right to food?

C. Does not the right to food, which has been upheld by the Hon'ble Court, imply that the State has a duty to provide food to people who are drought affected and are not in a position to purchase food?

The subsequent interim orders by the Court led to many developments in the next ten years, including the Right to Food Campaign and the National Food Security Bill. The Court's approach was to take a holistic picture of FS and not just the starvation deaths pertaining to the instant case. Quite rightly, in one of the early hearings (September 3, 2001) it had separated the two issues, and pointed out that while actions like free distribution of food, etc. are important, what was required were long term solutions, for which the capabilities of the people must be raised by various means including providing them with work, etc.

Along with issuing orders directing the states to identify the poorest of the poor for the distribution of food under 'Antyodaya Anna Yojana' scheme and the beneficiaries for Employment Assurance scheme, Mid Day Meal scheme, Integrated Child Development scheme, Old Age Pension scheme, National Maternity Benefit scheme and National Family Benefit scheme,[37] on May 8, 2002, the Court had appointed two Court Commissioners, NC Saxena and SR Sankaran, to monitor the case, and appraise the Court of the same.

V. Central Vigilance Committee

The Interim Order on July 12, 2006, among other things, had set up a Central Vigilance Committee on Public Distribution System (CVCPDS) headed by Justice DP Wadhwa (retd.), with NC Saxena, the Commissioner, to inquire into the following aspects:

a) The mode of appointment of the dealers,

b) The ideal commission or rates payable to the dealers, and

c) Modalities as to how the Committees already in place can function better.

d) Modes as to how there can be transparency in allotment of the food stock to be sold at the shops.

By then, the Public Distribution System (Control) Order, 2001 was already in place, 'for maintaining supplies and securing availability and distribution of essential commodities under the Public Distribution System'. The Order directed the State Governments to 'ensure monitoring of the functioning of the Public Distribution System at the fair price shop level through the computer network of the NIC

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[37] Colin Gonsalves, 2002, *The spectre of starving India*, Combat Law, 3, *available at* http://indiatogether.org/combatlaw/issue3/starve.htm; PUCL, *Rajasthan PUCL Writ in Supreme Court on Famine Deaths*', PUCL Bulletin, (Nov. 2001), *available at* http://www.pucl.org/reports/Rajasthan/2001/starvation-writ.htm.

installed in the District NIC centres.'[38] The report for Delhi by the CVCPDS, submitted on August 21, 2007 had pointed to this (para 6.2 of Executive Summary) as the already existing systems of computerisation.[39] Among its other notable observations, it included the following:

> *6.1. [...] The Committee is of the view that there is rampant corruption at every level of the distribution chain and the most effective way to deal with this cancerous and all pervading corruption in the system is to introduce a completely automated system based on information technology with minimal or no human intervention.*

After studying various options/systems for computerisation,[40] the Committee recommended 'an automated computerisation' on a pilot basis in one of the circles in Delhi. Creditably, along with suggesting 'full automation' of the PDS, it had recommended that,

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[38] Public Distribution System (Control) Order, 2001, cl 8 read with Annexe, ¶ 6.

[39] Executive Summary, *Constitution of Central Vigilance Committee on Public Distribution System and Its Charter*, http://pdscvc.nic.in/Executive%20Summary-17Aug2007.htm (last visited May 12, 2012); People's Union for Civil Liberties v. Union of India, WRIT PETITION (C) No.(C).196 OF 2001, Supreme Court of India, *available at,* http://pdscvc.nic.in/Compiled%20Chapter%2017.8.2007.htm (the case has a full report and includes a chapter on 'Computerisation'. Further, the Report of the Inter-ministry Task Group on Comprehensive Medium term Strategy for Food and Nutrition Security had introduced the concept of Management Information System (MIS) to connect the all the Depots, Regional Offices and Zonal Offices with Headquarters of the Department of Food and Public Distribution at New Delhi. It had proposed a 'subsidy entitlement card', like a 'food credit card', with food stamps as the currency, credited by the Government on the basis of the number of adults and children in a family, and debited on its use at the FPS to purchase the foodgrains by paying the difference between market price and the money value of food stamps).

[40] The various systems studied by the Committee were: (i) Existing computerisation in the FCI, (ii) Coupon System/ Food Stamps, (iii) Card System (a. Machine Readable Cards, b. Biometric Cards, and c. Visual Crypto Cards), (iv) Iris Technology, (v) Automated System using Online Technology, and (vi) Automated System using Smart Cards.

c) A database of genuine beneficiaries rectifying all inclusion and exclusion errors must be created by door-to-door verification entrusted to a credible independent agency. This will result in elimination of bogus cards.

On February 23, 2009, CVCPDS had submitted its report specifically on the computerization of PDS operations, 'of the entire distribution chain, right from the procurement process initiated by the Food Corporation of India and ending with retail distribution by the FPS dealers'.[41] This report is by far the most comprehensive one on this aspect. Certain key aspects of its recommendations may be noted:

1. Automation of allocation at all stages, with Integrated Information System for Foodgrains Management (IISFM) application installed by NIC at all the points in the chain, from the Head Office of FCI to state offices, District Supply Officer in each block, and finally to each FPS.

2. Digitisation of Ration Card database with the help of biometric identification, with adequate safeguards to ensure that such information is not used for non-PDS purposes.

3. Servicing the end user/beneficiary through a Point of Sale (PoS) device, along with a smart card or biometric device or both. For meeting the energy needs of the PoS, especially in the areas without a stable electric supply, harnessing of the abundantly available solar energy.

4. For a web-enabled PDS, infrastructure established by Government of India under the Common Services Centres Scheme and the Universal Service Obligation Fund (USOF), along with the expansion of the State Wide Area Network up to the block level. In the areas without Village Public Telephones or Rural Household Phones, as under

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[41] Justice Wadhwa Committee on Public Distribution System, *Report on Computerisation of PDS Operations,* http://pdscvc.nic.in/report%20on%20computersisation %20of%20PDS.htm (last visited May 12, 2012).

USOF, the PoS device can be brought to the nearest point where connectivity is available, be it *Panchayat* or Block headquarter. Subsequently, the data was to be transferred to the central server.

5. For operational efficiency, uniform standards were prescribed for the PoS service, the smart card and the capturing of biometric details on a national basis.

In its concluding remarks, a new institutional mechanism was recommended:

> *A centralized / national committee must be set up, consisting of experts from the NIC, DOT, USOF, Ministry of New and Renewable Energy, National Institute for Smart Government to lay down uniform standards for software components which should be binding on States and should be compatible with the IISFM being implemented in the FCI. Subject to this States should be given the freedom to implement the project in the manner they see fit keeping in mind local conditions.*

The Interim Order by the SC on July 27, 2010 had recognised this report. Among the 10 points on which it had asked the Secretary, Department of Food and Public Distribution (DFPD), Government of India to respond included the following:[42]

> ii) To avoid pilferage and corruption, there must be total computerization of the PDS on a top priority basis.
>
> iii) The Union of India must prepare a software, and the same software should be used by all the States.
>
> iv) The Union of India may consider computerization in consultation with the specialized agencies like the

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[42] Right to Food India, *Supreme Court order,* http://www.righttofoodindia.org/data/supreme_court_orders/tpds/tpds_27_july_2010.pdf

> Unique Identification Authority of India or any other agencies.[43]

While the efforts were on towards the computerisation of allocation and distribution, a different and much more complex problem was receiving almost no attention – that of identification of beneficiaries – to address the rather serious type-I errors of wrongful exclusion.[44]

VI. Identifying the Poor

On May 14, 2011, the SC recognised that the yardstick of the Planning Commission for identification of the poor, of Rs. 15 and Rs. 20 per day per capita in rural and urban areas respectively was too low to receive an 'energy income' of 2400 and 2100 calories respectively, as pointed out by the Tendulkar Committee. It had suggested that the 'Planning Commission may revise norms per capita amount looking to the price index of May, 2011 [...]'. Consequently,

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43 UIDAI was operationalised in July, 2009.

44 *See*, Ramkumar, *supra* note 19 (for the method of *estimation* of number of persons entitled for the foodgrains (BPL as well APL) as opposed to *identification*. A summary follows:

1. A level of income is used to identify the 'beneficiaries' that signifies more of destitution rather than poor. This excludes many from accessing foodgrains at a cost below the open market price.
2. The Central Government fixes the quantities of foodgrains to be supplied on the basis of quinquennial Sample Surveys conducted by National Sample Survey Organisation (NSSO) that happens once in every five years, and estimating the number of poor through extrapolating from the number of total population.
3. States on the other hand, conducts its own surveys to identify the poor based on criteria adopted by Ministry of Rural Development, and on many occasions yield a number different and higher from the estimation with NSSO figures.
4. Given the fixedness in the total number of poor as per the Central Government and hence the subsidy and thus the quantity of subsidized foodgrain, for the *actual* number of poor being higher, the difference must be borne by the State governments. In many instances, the latter's fiscal situation does not allow bearing the additional expenditure.
5. As a result, even those with the BPL card or Antyodaya entitlement may not receive the foodgrain.)

in an affidavit dated September 20, 2011, the Commission had put the numbers as Rs. 26 and Rs. 32 respectively for rural and urban areas, resulting in a massive public protest. Even then, on March 19, 2012, the Commission brought out the revised figures to Rs. 22.42 and Rs. 28.35 in rural and urban areas respectively. Only three days later, the Prime Minister discredited the methodology of arriving at such woefully meaningless numbers.[45] In April 2012, the Commission had expressed its desire to set up a technical committee comprising 'experts' on the methodology of measurement of poverty, from a 'multi-dimensional approach'.

It may be pointed out here that the measurement of poverty and the identification of the poor are done by following two different methodologies. While the first is used to assess the extent of progress that the people of this country have made in terms of income, among others, the other exercise is used for identification of BPL households that could be assisted under various programmes of the Ministry of Rural Development, like Indira Awas Yojana, etc. and also by benefits like PDS, scholarships etc.[46] This exercise was carried out in 1992, 1997 and 2002, linked with the corresponding Five Year Plan. For the Eleventh Five Year Plan, an 'Expert Group' was constituted likewise, the report of which, recommended a different methodology than what had been followed earlier.[47] Its basic approach included

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45 *See*, *Interim Report of the Task Force, supra* note 11.

46 Consider the following example in this connection. In the May 14, 2011 order, the SC had also asked the Union Government to provide adequate foodgrains to the 150 poorest districts on a priority basis, with individual as the unit rather than the family. It had asked the PDSCVC to identify the poorest districts or other poorer segments of the society. Upon request, Planning Commission had submitted (a) a list of 150 backward districts identified by it for the National Food for Work Programme, and (b) a list of 147 backward districts for launching Rashtriya Sam VikasYojana, which was submitted on July 21, 2011. The matter was heard on July 22, 2011.

47 *Report of the Expert group to Advise the Ministry of Rural Development on the Methodology for Conducting the Below Poverty Line (BPL) Census for 11th Five Year Plan* (Aug. 2009), *available at* http://rural.nic.in/sites/downloads/circular/ReportofExpert GroupChaired-Dr.N.C.Saxena.pdf.

identification of those (a) 'automatically excluded', (b) 'automatically included' and (c) to 'grade the rest' so as to identify the 'poorest among them' as per a number of 'inclusion and scoring' criteria. The method, remained, in principle, in the 'Caste and BPL census' that had begun in April 2012. However, the ranking was to be based on a seven point deprivation index, instead of the one suggested by the Saxena Committee. The type and number of deprivations would make the households eligible for various benefits, like food, housing, etc. In other words, it is proposed that the deprivation points determine the benefits, rather than a blanket inclusion in the BPL category as was in the past.

VII. Computerisation Initiatives

On September 14, 2011, the SC took cognizance of the Report by the PDSCVC on the Computerisation of the PDS. It prioritised the '[c]omputerization of complete supply chain management up to the shop level and availability of this information on a Transparency Portal in public domain'. The 'electronic authentication of delivery and payments at the fair price shop level' was left as the second priority, keeping in mind that most of the pilferage occurs before the foodgrains reach the shop. In particular, it had observed that 're-engineering' the existing efforts by various states in the form of smart cards, food coupons etc and replacing them with online Aadhaar authentication at the time of food grain delivery would take time. DFPD was directed to immediately issue guidelines to all the States for end-to-end computerization of TPDS, which was duly complied with. The guidelines for end-to-end computerisation, on the lines of the SC order, included two important sections:[48]

> 4. **Software Options**
>
> 4.1 Department of Food and Public Distribution, [...] has intimated all States/UTs that National Informatics Centre (NIC) is offering the following application

[48] Guidelines for Computerization of TPDS, http://dfpd.nic.in/fcamin/sites/default/files/userfiles/DetailedGuidelines.pdf (last visited May 18, 2012).

software which can be used by States/UTs as per their requirements in line with orders of the Hon'ble Supreme Court [...] dated 14-09-2011:

a. Smart Card Application Software

b. Supply-chain Computerization (Chhattisgarh model) and

c. Food Coupon & Bar coded Ration Cards (Gujarat model)

[...]

4.2 NIC has also agreed to host these applications at its own data centre. The States /UTs may select the application modules as per their specific requirements, customize the application in consultation with NIC and implement the same. An implementation plan with clear timelines should also be prepared in consultation with NIC, the progress on which would be submitted by States/UTs to the Hon'ble Supreme Court.

4.3 NIC has developed a Common Services Platform (including application) for TPDS which can be used by all the States/ UTs to computerize its TPDS operations. The Common Services Platform/ Smart Card Application is an end to end solution for TPDS Computerization which is flexible enough to meet the State / UT requirements and also ensure standardization at national level. It consists of modules for procurement, stock reporting, stock transfer/movement, allocation, consumption reporting, ration card management, FPS automation, etc. for delivery of commodities to end beneficiaries.

5. Role of Aadhaar

5.1 States/UTs are encouraged to include PDS related

> KYR+ fields in the data collection exercise being undertaken by various UIDAI appointed Registrars across the country as part of the UID (Aadhaar) enrolment.
>
> 5.2 As far as possible, State/UT Governments should link the process of computerization of Component – II with Aadhaar registration. This will help in streamlining the process of biometric collection as well as authentication of beneficiary at the time of commodity issuance at FPS.[49]
>
> Consequently, DFPD had uploaded in its website the initiatives at the state level, towards computerisation, as late as upto December 19, 2011.

VIII. Aadhar linked PDS—Dilution and Duplication Dangers in the Name of Efficiency

On February 14, 2011, the Government of India set up a Task Force with the purpose of evolving 'a suitable mechanism for direct subsidies to individuals/families who are entitled to Kerosene, LPG and Fertilizer', given the problem of 'waste, leakage, adulteration and inefficiency'.[50] Later, on July 13, 2001, its 'terms of reference' was extended to include reforms in the PDS. One of them read: 'Examine and suggest an implementable solution for direct transfer of subsidies on food and kerosene to intended beneficiaries with the use of Aadhaar numbers (Unique Identification numbers), Aadhaar enabled transactions and Aadhaar authentication infrastructure'.[51] It was made clear, thus, that the sole purpose of Aadhaar in the proposed 'reform' of PDS was to enable direct transfer of subsidy.

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49 *See*, GUIDELINES FOR COMPUTERISATION OF TPDS, http://dfpd.nic.in/fcamin/sites/default/files/userfiles/DetailedGuidelines.pdf.

50 *Report of the Task Force on an IT Strategy for PDS and an implementable solution for the direct transfer of subsidy for Food and Kerosene,* Government of India, (Oct. 2011), *available at,* http://finmin.nic.in/reports/it_strategy_pds.pdf.

51 *Id.*

An attached note with the office memorandum in fact had explained the path to be taken by the task force quite elaborately:

> *In the present system of subsidy on Fertilizers, there is a need to evolve a suitable mechanism for direct subsidies to individuals who are entitled to them. If a system of direct subsidy to the farmer is adopted, it becomes possible for the Government to differentiate, and decide which segment of farmers should receive subsidy (size of land-holding could be the differentiator and/or it could be nature of crop). [...]As an intermediate step, release of subsidy to retailers by using aadhaar numbers, aadhaar based transactions and aadhaar authentication service can be undertaken.*
>
> *[...]*
>
> *The Reform must essentially have the objective of being an implementable model of direct transfer of subsidies on Kerosene, LPG and Fertilizers to the intended beneficiary. It should also ensure that the subsidy reaches the intended beneficiary. [...] With Aadhaar becoming a reality, it is possible for bringing about reforms in the present system by exploiting the potential of aadhaar number for identification, aadhaar-enabled transactions and aadhaar authentication service provided by the UIDAI. Successful implementation of such a system [...] will pave the way for direct food subsidy to the BPL families at a later stage (emphasis added).*

As a starting point, one would be curious to know what could have prompted the Government to club together the three types of subsidies, which has wide ranging implications. Even if one assumed that the fertiliser subsidy reaches every farmer, the total number of individuals involved will be small, considering that the number of retailers is also small. On the other hand, suppliers of kerosene are the few approved refineries, and the buyers are the BPL population of the country. In contrast, the PDS for foodgrains has a significantly larger number of beneficiaries, even under the targeted form. Essentially, the note wanted to stress on the fact that it is Aadhaar which will offer a cure to all problems: identification, authentication and transactions, which is completely fallacious.

One may note the 'principles' of the proposed subsidy regime to 'limit incentive distortions and minimize inefficiencies'[52]:

1. Empowerment and choice for beneficiaries
2. Transparency in subsidy administration and information visibility
3. One price for subsidized goods
4. Efficiency in production
5. Convenient and effective grievance redressal
6. Support all types of direct subsidy transfer models
7. Fully electronic service delivery
8. An incentive-compatible solution across stakeholders
9. Effective MIS Reporting

A 'solution architecture' was proposed, in the form of a 'Core Subsidy Management System (CSMS)' with 10 separate 'modules' (e.g. 'beneficiary and family identification module', 'direct Subsidy Transfer Module', etc.). It was argued that the role of Aadhaar is to 'ensure[...] one beneficiary has one number across subsidy programs', 'enable[...] real-time authentication of identity at the time of subsidy delivery' and 'enable[...] delivery of welfare benefits and subsidies through direct transfers into Aadhaar enabled Bank Accounts (AEBA) using the Aadhaar Payments Bridge'.[53] The central purpose, certainly, has been exclusion, as noted earlier, and documented as well: 'cap the number of eligible cylinders which can be availed under the subsidy scheme'.

[52] *Interim Report of the Task Force, supra* note 11.

[53] *Interim Report of the Task Force, supra* note 11.

At another level, UIDAI (2010) identified a few roles for Aadhaar in the PDS, some of which were repeated in the *Economic Survey 2011-12*:[54]

1. Elimination of duplicate, fake or ghost ration cards,

2. Authentication of beneficiaries, and portability in identification and off take, and

3. Electronic transfer to Aadhaar enabled accounts.

As we have already noted, authentication of beneficiaries requires a completely different exercise, currently underway through the BPL census, results of which are yet to come by. Exercise of elimination of bogus ration cards has been completed in a number of states already. And finally, even if the Government wants to transfer subsidy directly, there is no need for an 'Aadhaar enabled account'. Systems like 'Electronic Transfer' of utility payments (ECS), salary accounts are already in place, with a different set of identifiers.

The Report of the Task Force on an IT Strategy for PDS had put forward a much more detailed scheme than what the previous reports/documents had included. To begin with, this report had proposed a 'Public Distribution System Network (PDSN)', in contrast to the one which already exists by the DPFD. Such a network was termed National Informational Utility, and expected to be staffed professionally, with Service Level Agreements (SLAs) with the States. Interestingly, a 'common customisable platform' was recommended for lowering the costs through scaling. This was in contrast to the suggestion of higher rates of commission for enhancing the viability of FPS, rather than extending their purview through a universal coverage of the PDS![55]

Interestingly, the report had separated the 'strategy' it had envisaged from the one already in place by DFPD: the latter was

[54] *See*, *supra* note 18, at 29.

[55] *Report of the Task Force, supra* note 50.

termed an 'immediate measure' to implement the orders of the SC, while the one it had proposed was for meeting 'some of the long term institutional needs of IT-enabled reform in PDS'.[56] Incidentally, it had found the same National Informatics Centre (NIC) to undertake all the work for the PDSN, which has been doing the job for the DFPD also. It is not clear as to what additional benefit the PDSN can offer, except 'value addition' through a number of additional modules, that include a 'subsidy transfer module' with a link to Aadhaar.[57]

The notion of a 'National Information Utility' is certainly new. It originated from the 'Report of the Technology Advisory Group for Unique Projects' (TAGUP), which had recommended that in complex projects involving extensive use of IT Systems, like TIN for Income Tax applications, the Government focus only on policy formulation and enforcement, while the implementation of IT systems to enable the proposed business changes be left to the NIUs.[58] The Task Force found the PDS to be a fit case for such technological institutional design. Incidentally, the TAGUP report had recommended an 'ownership structure that allows for strategic control by Government, but without getting involved in day-to-day operations, which are instead codified in the SLAs, and a transaction-oriented pay-per-use pricing model'.[59] This mechanism of power without responsibility may have worked fine for specific structures, but it is anybody's guess as to how suitable it can be for a body that handles millions of tonnes of foodgrain on a continuous basis, from procurement, to delivery to the final beneficiaries. Further, it was really imaginative for the authors of the Task Force report to visualize the proposed PDSN taking up 'consultancy, implementation or operations projects beyond PDS enablement related to service delivery for Government'.[60] Certainly, with its responsibility restricted to just financial transfer at the click

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56 *Report of the Task Force, supra* note 50.

57 *Report of the Task Force, supra* note 50.

58 Ministry of Finance, *Report of the Technology Advisory Group for Unique Projects*, vii (2011), *available at* http://finmin.nic.in/reports/tagup_report.pdf.

59 *Report of the Task Force, supra* note 50.

60 *Report of the Task Force, supra* note 50.

of a mouse, there can be ample time, resource and opportunity to earn some extra income!

By the report's own admission, in phase-I ('Supply Chain Management System'), the long term, strategic institutional mechanisms that enable an IT strategy for PDS will be independent of Aadhaar, while in phase-II ('Core Subsidy Management System'), states may opt for Aadhaar.[61] In fact it also acknowledged that 'use of technology alone will not solve all the ills plaguing the PDS delivery mechanism and it is not a panacea in itself'.[62]

The report, however, has picked up all the politically correct terms: 'grassroot level transparency', 'beneficiary empowerment', 'incentive-compatible solution for all stakeholders', 'transparency', 'accountability', 'people's participation', 'social audit'.[63] Further, 'Public provisioning of the State' was proposed to be 'strengthened' to bring it at the level of 'best practices' in the field, with the qualification that the Government is to retain 'strategic control' at all times.[64]

In this 'long term' strategy, on the matter of 'choice', the beneficiary may find herself spoilt for choice! Be it location, mix of commodities, quantities in instalments, and even the choice not to purchase the commodities but to receive a direct transfer of subsidy[65], in everything, the consumer is queen. Incidentally, regulation for FPS across states puts a spatial (say, 1 in a 3 km radius, in Goa, or 1 for every village, as in Andhra Pradesh) as well as population-wise restriction (say, 1 shop per 2000-4000 persons in Goa, or 1,000-1650 persons in Andhra Pradesh), which may have escaped the notice of the members, that included Secretaries of departments of Agriculture, Rural Development, and Food & Public Distribution.

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61 *Report of the Task Force, supra* note 50.

62 *Report of the Task Force, supra* note 50.

63 *Report of the Task Force, supra* note 50.

64 *Report of the Task Force, supra* note 50.

65 *Report of the Task Force, supra* note 50.

Clearly, choices of the proposed kinds are nothing but illusory. They become real, however, only when the subsidy is transferred in money form to the beneficiary. Thus, it seems reasonable to believe that the entire choice paradigm in the PDS reform is based on the presumption that, at the end of the day, the Government will be able to modify the system, where its obligation will end with just the financial transfer.

The Report's conclusion was noteworthy:

> *The social programs of India are complex systems with millions of participants that have evolved over the last few decades. Hundreds of millions of beneficiaries depend upon these programs for basic sustenance. Such systems can only be reformed through systematic change management. Eventual success will hinge upon political will, good governance, incentive-compatible solution design, judicious use of technology, a structured transition plan, meticulous project management, effective supervision, people's participation, audit, and execution.*

Unfortunately, for the task force, the 'ideal solution' lies in the use of technology that will 'strengthen the role of Government in public provision, while also leveraging some of the efficiencies that the market has to offer'. There is only one such possibility: direct transfer of subsidy, through the use of Aadhaar enabled bank accounts, for the beneficiary to purchase from the chosen buyer, like in any competitive framework, howsoever non-existent it be in the real world. As the case is with any people-disconnected technology, the result will be catastrophic, to say the least, for the food security of the people of this country.

On March 16, 2012, the SC had asked the Task Force set up by the Union Government, under the chairmanship of Mr. Nandan Nilekani, Chairman, UIDAI, 'to recommend, amongst others, an IT strategy for the public distribution system' that will suggest the 'ways and means by which computerization process of the public distribution system can be expedited'. One is not sure what purpose this 'newer' strategy will consist of. Perhaps it will be another institution or justification for further withdrawal of the State.

IX. Concluding Remarks

Notwithstanding the opposition to all the criticism over functioning of PDS, and calls for universalisation of PDS, *Union Budget 2011-12* gave a clear direction:

> *The Government provides subsidies, notably on fuel and food grains, to enable the common man to have access to these basic necessities at affordable prices. A significant proportion of subsidised fuel does not reach the targeted beneficiaries and there is large scale diversion of subsidised kerosene oil. A recent tragic event has highlighted this practice. We have deliberated for long the modalities of implementing such subsidies. The debate now has to make way for decision. To ensure greater efficiency, cost effectiveness and better delivery for both kerosene and fertilisers, the Government will move towards direct transfer of cash subsidy to people living below poverty line in a phased manner (emphasis added).*

It is a different matter that the 'other' view in the 'debate' has seldom been recognised by the Government. If the term 'debate' is meant to be what transpired between different government departments, we have nothing further to offer. In a systematic fashion, with this assertion, the Government has nailed the last chance for a universal PDS. Indeed, it is under pressure from international donors to reduce the 'subsidy burden', but at the same time, leaves no stones unturned to grant tax breaks to the corporate sector.[66] Arguably,

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[66] Only under 'deduction of export profits of units located in SEZs' was the revenue foregone to the tune of 7,432 Crores in 2010-11, and projected to be 8,153 Crores in 2011-12 among corporate taxpayers (Revenue forgone under the Central Tax System: Financial Years 2010-11 and 2011-12, *Union Budget 2012-13*). Consider also that of the 4,59,270 sample companies only 42,087, or less than 10 per cent companies actually paid the highest tax rate of 33.21 per cent; as a result, the effective tax rate was 24.10 per cent for the Corporate Sector as a whole.

ensuring 'food security' cannot be a matter of just a number game, as it involves important issues of dignity, health and reproduction of labour-power. Howsoever important the Government may project and profess—with gradually hoarser cries—its closeness to being a global power based on an 8 per cent growth momentum, even to the most vociferous supporters of neo-liberalism, the problems of sustaining such a trajectory and the associated crisis are clear. One may wonder why such a basic and fundamental question does not occur to the pundits in the corridors of power: if 4 per cent growth of the agricultural sector is a necessity for the 'economic growth' at the preferred momentum, can it be possible with an army of people living in a condition of near or complete destitution?