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The Impacts of Reforms to the Public Distribution System in India's Chhattisgarh on Food Security

Prasad Krishnamurthy, Vikram Pathania,
and Sharad Tandon

What Is the Issue?

India is a rapidly growing developing country, but has a larger food-insecure population than all of Sub-Saharan Africa. Given the prevalence of chronic malnutrition, India is engaged in a prolonged debate about increasing expenditures on its national food aid program, the Public Distribution System (PDS). India spent nearly 1 percent of its gross domestic product on the PDS in 2012, and that amount likely will increase under the National Food Security Act (NFSA) of 2013, which became law in September 2013.

The PDS historically has been criticized as being highly inefficient. However, the State of Chhattisgarh is among those that have improved distribution of PDS food grains through a number of reforms, some well-publicized (post-2004) and some less publicized (pre-2004). PDS reforms, similar to the post-2004 reforms implemented in Chhattisgarh, have been implemented in other States and helped to serve as a basis for the NFSA. In this study, we estimate the impact that pre- and post-2004 reforms had on PDS consumption and on rates of food insecurity.

What Did the Study Find?

Our quantitative assessment of food security in Chhattisgarh showed:

- Consumption of PDS grains increased greatly between 1999/2000 and 2009/10; the average calories per capita obtained from PDS rice increased by 880 percent.
- PDS consumption began to increase before the first of the post-2004 reforms, and continued to increase after the post-2004 reforms. It is difficult to predict whether other States implementing only certain aspects of Chhattisgarh's post-2004 PDS reforms would share Chhattisgarh's success—the existence of a prior, upward trend in PDS consumption makes this prediction even more difficult.

- An improvement in food security and nutritional outcomes in Chhattisgarh occurred between 1999/2000 and 2004/05, primarily among low-income households that were most likely eligible for the largest subsidies.
- Even as the PDS food grains' availability continued to expand in Chhattisgarh, there was no improvement in food security between 2004/05 and 2009/10. All regions across India had a marked increase in food insecurity in response to the global financial and food price crises during this latter period.

Based on these findings, we conclude that the major reforms in Chhattisgarh were likely successful at improving the performance of the PDS and helped reduce the food-insecure population. The case of Chhattisgarh shows that improving the PDS in States where the system operates less efficiently is both possible and can effectively help trim rates of food insecurity. However, the improvements did not shelter poor residents of Chhattisgarh from rising food prices or the global financial crisis in the late 2000s more than other food-aid recipients in the rest of the country. In order to target households experiencing sudden economic duress, improvements in the PDS would need to continue at both the national and State levels.

How Was the Study Conducted?

Using consumer expenditure surveys conducted by the Government of India in 1999/2000, 2004/05, and 2009/10, ERS researchers estimated PDS consumption and overall calorie consumption in Chhattisgarh and States bordering Chhattisgarh. The researchers then computed changes in consumption to estimate how food security and PDS consumption changed in Chhattisgarh between each survey. Those changes in Chhattisgarh were compared to what occurred in border States to account for shocks or changes in national policy that might be contributing to the observed trends.