



Field Notes on Accountability

Social Audits in the Public Distribution System: A case study from Andhra Pradesh

Field Notes on Accountability

The field notes series seek to document the implementation of accountability mechanisms built into key government programs for service delivery. These include programs such as the National Rural Health Mission, Mahatma Gandhi National Rural Employment Scheme, Public Distribution System and others.

No. 3: The current note examines the use and impact of social audit measures on the Public Distribution System in Andhra Pradesh. It assesses the problems which mire the PDS and the extent to people which people's participation in transparency measures promote accountability.

Other Field Notes

No. 1: Incentivising Rural Sanitation – The Nirmal Gram Puraskar.

No. 2: Rogi Kalyan Samitis: New Spaces of Participation

Background and Context

The current debate on the FS Bill has brought into sharp focus the issue of corruption and maladministration in the Public Distribution System (PDS). As administrators and lawmakers set about the task of rethinking institutional architecture of the PDS, an innovative experiment has been unfolding in Warangal district to promote transparency and accountability in day to day delivery. The experiment began in January 2010 when the district administration began to paint names the names and number of family members of all the cardholders belonging to a particular PDS shop in a village. By literally throwing open the “key register”, the administration has provided critical information which was otherwise withheld from the public thereby triggering several monitoring and accountability questions and providing a platform for all the citizens of the village to place problems faced by them in accessing the PDS before the administration and seek redressal.

In 2010, Accountability Initiative undertook a detailed study to document and analyse the effectiveness of the transparency walls and social audits. This field note reports initial findings and reflections on the process.

Targeted Public Distribution System in Andhra Pradesh

The PDS, which dates back to pre-Indian independence, was originally conceived as an instrument for protecting consumers from food shortages, and producers from price fluctuations. It was initially localized only in a few urban centres but in the 1980s its reach widened and gradually assumed the features of a poverty alleviation program with the specific task of providing food security to vulnerable households.

Andhra Pradesh was one of the early adopters of the PDS and since the 1980's has vigorously pursued a policy of public distribution of food grains. The Department of Consumer Affairs, Food and Civil Supplies, Government of Andhra Pradesh is the main implementing agency for the Targeted Public Distribution System (TPDS) that distributes essential commodities to vulnerable sections of the population at subsidised rates as a measure to provide food security and to protect them from malnutrition.

With over 44,499 Fair Price Shops (FPS)¹ in the State, AP has amongst the largest networks of the PDS. Out of the total coverage of 2,25,80,494 families, 195.86 lakh families are Below Poverty Line (BPL - white cards) with an annual income of less than Rs. 60,000/- in rural areas and Rs. 75,000/- in urban areas. Families above this income level are classified as Above Poverty Line (APL) and are issued pink ration cards. The BPL cards are further classified into Antyodaya Anna Yojana (AAY- green cards) for persons above 60 years of age or with no assured means of subsistence or daily wage labourers. Annapurna cards (blue cards) are issued to those senior citizens above the age of 65 years who are not covered under the National Old Age Pension Scheme and are provided 10 kgs of rice free of cost.

¹ Source: Citizens Charter of the Department of Consumer Affairs, Food and Civil Supplies Department, Government of Andhra Pradesh, <http://www.apcivilsupplies.gov.in/Downloads.asp>, January 2011.

Chart 1 below details the entitlements of various categories of card holders:

Entitlement and rate per KG:			
	Commodity	Entitlement	Rate per Kg
BPL (White cards)	1.Rice	4 kg per head up to 20 kgs per family	Rs.2/-
	2.Wheat	up to 10 kgs per card	Rs.7/-
	3.Sugar	1/2 kg per card	Rs.13.50
	4.Kerosene Oil	*	Rs.13.00 per ltr
	5.Pamoli Oil	1 ltr per card	Rs.35 per ltr
	6.Redgram Dal	1 kg per card	Rs.50/- per kg
Antyodaya Anna Yojana	1.Rice	35 kg per family	Rs.2/-
	2.Wheat	upto 10 kgs per card	Rs.7/-
	3.Sugar	1/2 kg per card	Rs.13.50
	4.Kerosene Oil	*	Rs.13.00 per ltr
	5.Pamoli Oil	1 ltr per card	Rs.35 per ltr
	6.Redgram Dal	1 kg per card	Rs.50/- per kg
APL (Pink cards)	Wheat	upto 10 kgs per card	Rs.7/- per kg
Annapurna	1.Rice	upto 10 kg per card	Free of cost

	2.Wheat	upto 10 kgs per card	Rs.7/- per kg
	3.Sugar	1/2 kg per card	Rs.13.50 per kg
	4.Kerosene Oil	*	Rs.13.00 per ltr
	5.Pamoli Oil	1 ltr pouch per card	Rs.35 per ltr pouch
	6.Redgram Dal	1 kg per card	Rs.50/- per kg

Leakages in the procurement process of PDS

Although the procurement process is very well laid out, there are various stages where food grains are siphoned off and leakages occurs. During interviews with FPS dealers, it became clear that discrepancies in measurement is the most common form of malpractice at the MLS point. Grains such as rice are packaged in fifty quintal bags and delivered to the fair price shops. Before the actual delivery, the FPS

dealers go in person to the MLS point with their release order and ensure their stocks is weighed and prepared for delivery. FPS dealers allege that often times, the bags don't weigh fifty quintals and are only around forty eight quintals and the difference of two quintals is pocketed by the MLS point staff who later sell it in the black market. Officials contest this claim and attribute this difference in weight to the moisture content of the food grains. They also said that there are times when the bags weigh more than fifty quintals and FPS dealers don't complain in these situations.

Ultimately, while both the FPS dealers and officials have different stories to tell, the final citizen-consumer is the one who suffers. FPS dealers, citing the shortage in supply as a reason, siphon 100-200 gms from every cardholder by manipulating the weighing scales. Some dealers blatantly cheat the people by giving misinformation about supply, prices of commodities and the entitlements of a cardholder.

Box 1: Process of procurement and supply

Farmers or cultivators sell their crop to the district Food Corporation of India (FCI) godown through the AMC's (agriculture marketing committees). Millers also procure from the farmers and after milling sell it to the district FCI. For the value addition, the millers charge a levy to the FCI. From this point onwards, the district FCI supplies to the District Manager of Civil supplies (AP govt) who in turn supplies to the Mandal Level Stockist Point (MLS Point). This transfer is made by stage one contractors (transport). From the MLS point, the supplies move to the village level fair price shop through the stage two contractors who are appointed by the joint collector of the district. Fair price shops are the last point in the supply chain from where citizens access their monthly food supply. The license holders of the fair price shops invest a certain amount for purchase of commodities which is allotted on the basis on the number of cards they hold and the sales in their shop. They earn a commission on the sale of commodities. The approximate value of commission per shop ranges between Rs. 1200 – 1500. The dealers are called for through a government notification and their minimum qualification is SSC or 7th class (pass).

Other instances of graft are the charges or bribe paid to various officials at different stages of PDS stock movement. FPS dealers were candid enough to admit that they paid a total bribe of around Rs.500 – Rs 1000 every month for regular functions such as procuring the release order from the RDO, release of stock from MLS point, during monthly inspections to the tehsildar and food inspectors, to the weights and measures officials, etc. Apart from these, the FPS dealer also has to pay the

“hamaalis”² for loading and unloading the stock. In order to recoup this expenditure the FPS dealers resort to pilferage, black marketing and tied-in selling where certain non-PDS products are forced upon consumers. Additionally, bogus ration cards, lack of information on the PDS such as the total number of cards per village, the opening and closing balance of stock and details on total allocation of stock per fair price shop and the like further perpetuates the problems of corruption and poor accountability.

Over the last three decades, AP has experimented with various measures to ensure better distribution of food supplies through the PDS. For instance, in the 1980s, AP introduced the subsidised rice scheme or the ‘Rs. 2 per kilogram scheme’ to improve consumption levels in weaker sections of society. In the year 1997, the Indian Government replaced the PDS with Targeted PDS. In the following year (1998-1999), AP introduced a food coupon system for rice and kerosene supplied through the PDS to ensure that the card holder was aware of his/her entitlements and guaranteed the right to draw a specific quantity. It also aimed at facilitating proper accounting of actual quantities distributed. Despite these attempts, though there were savings to the exchequer and the number of bogus cards reduced (by 8.55 lakhs)³, the coupon system was discontinued for a number of reasons such as corruption, poor targeting and poor uptake of commodities. To address the problem of bogus ration cards, in 2005-06, the Government of AP issued iris-recognition based ration cards that capture the iris of the head of the household and a photo of the family. The objective was to use this unique identity marker to eliminate duplicate and bogus ration cards. Interviews with officials in the field suggest that the iris-recognition system faced some difficulties as people with cataracts were left out. Names of workers working in neighbouring villages went missing or were enumerated in the village where they were working temporarily instead of their home village. To address this, a massive exercise in third party manual verification was launched in order to set the records straight.

² Hamaalis are the loading and unloading staff. Though they are paid by the administration, they also charge the FPS dealers for every bag they load and unload at the MLS point and at the FPS shop. Some FPS dealers claimed that the hamaalis hold dealers to ransom if these unofficial charges are not paid.

³ Performance Evaluation of Targeted PDS, 2005, Planning Commission, New Delhi.

Warangal Experience – an exercise in Transparency

In January 2010, senior officials in Warangal district of AP embarked on an innovative experiment to tackle the problem of leakages in the PDS. Spearheaded by the Joint Collector of Warangal district, an experiment in transparency was launched by all information recorded in the key register public. The key register contains the names, number of members, type of card and its entitlements. This information was painted on the wall of a prominent public building. The opening and closing stock of the FPS along with the total number of different types of cards were also painted. This exercise was a first step towards filling a big void in information accessibility whereby beneficiaries were able to:

- check if their names were on the key register
- cross verify the names of others on the register and identify those people who were not residents of a particular village but held cards in that village
- identify those people who were APL but held BPL or AAY or AP cards
- match the total number of cards with the stock position of the FPS
- verify the stock position with the actual entitlements distributed and juxtapose this information to the number of days the FPS has been kept open

Initial observations gathered from interviewing people this researcher met in 7 villages of Janagaon Division are as follows:

- Awareness levels of villagers about the key register and what it contained was very low. Only Panchayat members interviewed knew about it and have inspected it from time to time. Even among the panchayat members, not all have inspected the key register. The Sarpanch and Upa Sarpanch were the main elected representatives who have inspected the key register and have also recommended suspension of dealers based on this information.
- There has been no joint effort or protest by the people of any of the villages in demanding for better services from the dealer. They take the word of the dealer when he/she says there are no stocks.
- People believe they do not have the rights or power to question the dealer directly. So they often complain to the Sarpanch or to the MRO (Tehsildar)

- and wait for some action to be taken. Some were scared that they may be denied their supplies if they antagonised the dealer.
- Dealers have been dismissed in some villages but some of them use powerful lobbying to be reinstated.
 - Despite the above, there is also a great deal of willingness amongst the people to question the dealers. Though they could not immediately relate the publicity of names to challenging corruption, their immediate concern was to ascertain whether their names were on the list and reduce bogus cards.
 - Few of the villagers raised the static nature of the data on ration cards in that any birth, death, movement of people from one village to other due to marriage, movement of families from BPL to APL or vice versa is not reflected in the card. As a result, when the family size grows, the ration is insufficient. On the contrary when the family size shrinks, others who could use the limited stock of food are denied a share. Addition of family members was hard but deletion was done immediately by the FPS dealer though he/she is not authorised to do this.

From the initial interactions across few villages, it was very clear from the beneficiaries that providing information was a very critical element in breaking the hegemony of FPS dealers but it was not sufficient to bring about much needed reform. The wall paintings raised collective awareness about the key register and its importance. Even without much training, villagers were quick to draw the connection between the information on the wall and their own entitlements.

Social Audits – inviting peoples participation

Whilst the wall paintings were generating the much needed awareness amongst the people and empowering them with important information, the district administration was moving to the next step of providing people with a platform to not only voice their complaints but also seek redress. The focus had to shift from one of transparency to demanding accountability.

The success of Government of AP's use of Social Audits in implementation of the Employment Guarantee Scheme is very well documented. Taking a leaf out of this success story, the administration in Warangal decided to follow up the wall

paintings with a series of social audits across the district in order to provide people with the legitimate space to raise a collective voice against the FPS dealer.

At this juncture it is important to draw attention to the experience of the Joint collector in conducting social audits on the National Rural Employment Guarantee Act (NREGA) across the State of AP. Drawing on the experience of MKSS in Rajasthan, the use of social audits in AP led to state wide acceptance and is perhaps one of the Indian states where social audits have been mainstreamed into the administrative fabric and conducted by officials themselves.

Training and sensitisation of officials: In Warangal district, the administration set the stage to introduce social audits by initially sensitizing and training 38 civil supplies enforcement staff about the concept of social audit and the procedure to be adopted. Based on their understanding, the trained staff were made to conduct a pilot social audit in one village so that they may assess the impact and usefulness of the social audit. The pilot social audits were conducted in October-November, 2010. At the divisional and Mandal level, the members of the village level food advisory committee i.e. the Sarpanch, ward members, representative members of self-help groups and youth belonging to village, in addition to MPTC/ZPTC/MPP were invited to a one day meeting-cum-training on the social audit process. During the training they were given a thorough understanding on how the Public Distribution System works, the rights and entitlements of the people under the PDS and an introduction to the concept of social audit on public distribution system.

Process of Social Audits: In the village, prior to the social audit, wide publicity is given by the gram panchayat on the day of the audit, the Civil Supplies functionaries (DTs/RIs/FIs), the VRO, Food Advisory Committee members, women members of the SHGs and village youth conduct a door-to-door verification of the card holders to collect information on quota being given, if it is as per the entitlement on the ration cards and whether the correct rate is being charged. The team also inspects the FP Shop to check the stock registers, display of shop timing, weights and measure certificates and the number of days the FPS is kept open. Once the team completes this exercise, a gramsabha chaired by the sarpanch is organized to share findings of these inspections are aggregated and presented before the public. Public verification of names on the key register is also done. All officials in charge such as the tehsildar and civil supplies officials are expected to be present during the social audit. Villagers are encouraged to voice their concerns and lodge their complaints freely

after which the FPS dealer is asked to explain the reasons for discrepancies. Finally the Tehsildar takes into account the variations in quantities supplied, compares it to the stock register and imposes a spot fine if discrepancies are found. The findings at various stages of inspection are documented and a final report on the proceedings of the gram sabha is also maintained by the respective officials.

Some of the observations from social audits across several villages are:

- People are being cheated on the quantity of commodities distributed. On an average 200 to 500 gms was siphoned off.
- FPS dealers claimed that they were being supplied lesser quantities of products at the MLS point as a result of which they were supplied less to the people in order to make up for the short fall.
- There were discrepancies in prices as well where people were charged over and above the prescribed government prices. Due this practice, FPS dealers hesitated to display the prices of the commodities.
- FPS was not kept open for all 18 days. Often times they were closed on the grounds that stocks were over.
- Although FP Shop inspections are done on a monthly basis, the above mentioned discrepancies were never recorded indicating collusive behaviour between the FPS dealers and officials.
- There is a very high dependence on the FPS for regular food supply in the villages. More so for the aged and poorest of the poor people.
- Several senior citizens did not have Iris cards because they were affected by cataract and hence issuing a new card was not possible or because due to card mutation, they have been left out.
- There also exists collusion between the people and the FPS dealer where the people have been abetting the corrupt practices of the FPS in order to get the hoarded commodities such as sugar, rice and kerosene for above than PDS price but less than market price through back door channels. This collusive behaviour is also one of the reasons why people hesitate to lodge a complaint against the FPS dealer.
- During the social audits mismatch in the stock registers were found but these mismatches seemed to have eluded the officials during earlier monthly FPS inspections.

- Social audits are mainly about the FPS dealer and the people. Officials who are in charge of monthly inspections such as food inspectors, revenue inspectors and tehsildar are kept out the ambit of the audits, though FPS dealers have levied charges of corruption against them. Having said that, it is not by design that these officials are left out. FPS dealers are also hesitant to openly admit the collusion between them and officials in a forum such as the social audit. Another reason perhaps is that the social audits are organised by the government with heavy involvement of the officials which inhibits people from complaining about officials. This is perhaps why several villagers wanted the joint collector or the RDO to be present during all social audits.
- Honest officials find social audits to be an effective monitoring tool as compared to the earlier practice of monthly inspections which did not result in any improvement in service delivery. Officials have also been arm twisted by the FPS dealers and other vested interests into submitting clean reports during the monthly inspections. Since all the records are brought out into the open and people are co-opted in the process of an audit, sanctions such as payment of fine are non-negotiable and enforcement is better.

Effects of Social Audits on PDS

Since November 2010, over 1000 social audits have been conducted across the district. Social audits are now being conducted in all the divisions across the district. In some parts of the district, second and third round of social audits have commenced. Some of the effects of this practice are below:

- **Provides a platform:** Our initial field note suggests that social audits have had some effects particularly on increasing awareness on rights and entitlements and giving people a platform to express concerns.
- **Increased demand for accountability:** With an increase in awareness on rights and entitlements, there is likely to be a greater demand for public accountability. People this researcher interacted with have appreciated the social audit and have asked for such audits to be conducted on a regular basis but with official presence.
- **Efficiency in service delivery:** Preliminary data shows an increase in closing balances and also an increase in the quantities being supplied to the cardholders. This is because of an increase in awareness amongst card

holders as well as better service delivery by FPS dealers prompted by fines and exposure of corrupt practices.

In Conclusion

It is rather early to come to any conclusion on the overall impact of the attempts for transparency and accountability in Warangal. However the feedback received so far from officials and beneficiaries indicates that social audits and public display of key registers are two effective measures to combat corruption in the PDS. By throwing open the key register and reaffirming the rights of people to entitlements, the administration has set the stage for a re-haul.

Social audits have provided the much needed space for participation for all those involved. It has not only given voice to citizens but has also helped officials who are within the hold of FPS dealers to come clean. Further, strengthening of local formal and informal institutions such as the food advisory committee, consumer groups, self-help groups and especially youth groups would be very crucial in sustaining the impact of social audits and monitoring the changes that happen over time.

An important catalyst in this experiment in Warangal is the presence of a reformist leadership at the helm. The timing of the wall paintings, strategy to follow up with social audits, training of officials and gaining their conviction on the efficacy of social audits, involving the food advisory committee members, local youth and SHG members in the audit team are all a result of careful planning and execution by the Joint Collector and her team of officials.

In order to sustain some of the improvements brought about and to improve the system further, the Government of AP must act on the grievances raised during the social audits and streamline the process of including the marginalised who have been omitted from PDS coverage so that the entitlements reach those who deserve them the most.

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