In the last 50 years of existence of the PDS, various studies have been made both by officials and academicians and a large volume of literature has grown around the same. Articles have appeared in a number of journals throughout the period examining and commenting upon the different facets of the system. A number of books have been published. Many Research Projects have been undertaken. Governments both at the Central and State levels have constituted committees which have come out with voluminous reports on the working of the PDS. Five Year Plans, Budgets and Economic Surveys of the Government of India have also dealt with the objectives as well as the impact of the PDS. It is impossible to examine all these literature and present a summary of the same in this Chapter. Hence an examination of the more important studies only has been attempted here, especially in the backdrop of the present study of the effectiveness of the system at the Tamil Nadu state level. The following paragraphs highlight these in the chronological order.

Rhys Jones (1951)\(^1\) assessed the working of the systems of procurement and rationing of food in the erstwhile Madras State for the

\[\text{Jones, Rhys (1951): "A Survey of Procurement and Rationing of Food in the Madras State" Government of Madras.}\]
period 1942 to 1950. He concluded that both these systems were functioning very efficiently in the State.

One of the earliest studies on the subject was done by James Tobin\textsuperscript{2} and Houthakker in 1952. This study examined the theories of rationing in the light of some empirical evidence in the postwar period.

The Agro-Economic Research Centre (AERC)\textsuperscript{3} (1957) Madras, examined the impact of Government's food control measures on the agrarian economy of the erstwhile Madras Presidency for the period 1938 to 1953. In general, it perceived the food control measures as "necessary evils" and the rationing of food as a positive service, especially when food availability remained very low and food prices rules very high. In its later study, the Agro-Economic Research Centre\textsuperscript{4} (1965) examined the actual working of the Fair Price Shops in the Southern Region, covering the three States of Tamil nadu, Kerala and Andhra Pradesh. The study could not identify the really poor among the consumer households since income statements were not available. It was found that the open market prices could not be brought down by Fair Price


\textsuperscript{3} Agro Economic Research Centre (1957); "Measures of Food Control Procurement and Controlled Distribution of Food and their effects on the Agrarian Economy" University of Madras

\textsuperscript{4} AERC (1965) "An Enquiry into the working of Fair Price Shops in the Southern Region" University of Madras.
Shops operations as at the Fair Price Shops supplies of foodgrains were only limited.

Raj Krishna\(^5\) (1967) in his major evaluation study analysed the effectiveness of the Government's foodgrain operations. He found that the share of the Public Distribution System was only of the order of 10 per cent of the total demand and that it met only a very small portion of the needs of the Economically Vulnerable sections. He also found that it did not provide much price relief to the Economically Vulnerable Sections. He constructed 3 feasible alternative models for the Government to provide a given level of per capita consumption (These models were the subject of much criticism in the later years) He emphasised the need to establish a "two market two price systems" and the importance of laying down some criteria for the determination of the target groups of the Public Distribution System.

Madalgi\(^6\) (1967) examined the recommendations of the Foodgrains Policy Committee (1966) for the formulation of a National Food Budget. He emphasised the need for developing a rational basis of "National sharing" through such a budget in terms of equality of sacrifice and equality of enjoyment. He underlined the significance of "Central Pool Allocations".


Natarajan (1968) concentrated on several administrative problems encountered by the public procurement agencies in Andhra Pradesh. He concluded that these serious administrative problems led to the very abolition of the levy scheme in Andhra Pradesh within 116 days of its introduction.

Janarthanan (1968) examined the rice levy scheme in Tamil Nadu and worked out the procedures and methods of procuring paddy and rice upto the level of rationing commitment by the State Government. He emphasised that the levy scheme should be progressive and rational and should also satisfy all the four canons of taxation (canons of equity, ability, certainty and convenience). A scientific assessment of marketable surplus was made for working out the levy rates and the total quantum of feasible public procurement in Tamil Nadu.

Uma Lele’s (1973) studied the significance of the relationship between the private trading activities and the Government’s food policies. It confirmed that the grain trade in India operated efficiently within the technological and policy confines. It concluded that if Government’s policies could be made to facilitate investment in the new storage and transport sectors and could be


made to encourage technological improvement, the traditional market structure will be able to function economically and still more efficiently. This study did not examine the question of how to solve the food problem of the weaker sections under the free market system, given the real problem of extreme economic inequality in the society.

The study by Ramamurthy (1974) examined the levels of poverty and destitution in Tamil Nadu vis-a-Vis the trends in the production and distribution of wage goods (cereals, pulses, sugar, tea and cotton) for the period 1960-61 to 1970-71. Ramamurthy emphasised the significant role that the Public Distribution System could play in the eradication of poverty and destitution in Tamil Nadu after establishing that the Public Distribution System is superior to all other anti-poverty measures.

Culati and Krishnan (1975) undertook a major study of the Public Distribution System in India and came out with a proposal to maximise the benefit for the Economically Vulnerable Sections. According to them the Economically Vulnerable Sections consisted of the entire urban households and the non cultivating rural households, including the agricultural labourers. This group covered 53.6 per cent of the population. For ensuring the objective,

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it was that 50.6 per cent of the net cereal output of the country has to be channelised through the Public Distribution System. This was found to be not feasible and later on it was scaled down to about 30 per cent. Gulati and Krishnan also studied the levy procurement system and found it to be inequitable in its spread of the burden on the farmers.

Vincent Panikulangara\(^{12}\) (1976) studied the working of producer levy system in Kerala. He found that the Levy Order had failed to achieve its stated objectives in Kerala. According to him it was full of loop holes and levy evasion was rampant. Based on this empirical study he arrived at a conclusion that, in a society based on private property, equitable distribution of food is not feasible.

Barbara Harris\(^{13}\) (1977) examined the ways in which the state levy on paddy and rice and the associated factor of movement restrictions controlled and distorted the price behaviour of "free market" and influenced even the choice of milling technology in Tamil Nadu. She found that the system is subsidised not by the Government nor the farmers or the traders; but it is the consumers in the income group not entitled to rice under the Public Distribution System who really subsidise the system. In her later


study (1979)\textsuperscript{14} she concluded that both the public and private sector marketing structure seem to work to the disadvantage of the most numerous and least powerful part of the society. Again in her 1985\textsuperscript{15} study she found that the Public Distribution System, Noon Meal scheme and Commercial Tax on Alcohol have a positive impact on the Economically Vulnerable Sections of the society. At the present level of economic development in India, the co-existence of both the markets became inevitable. The study also indicated the number of problems that would crop up in the event of preferring one system of market structure to the complete elimination of the other.

Arvind Gupta\textsuperscript{16} (1977) examined the policy development aspects of the Public Distribution System in the country. He found that the Economically Vulnerable Section suffered severe erosion in their real incomes during 1967-75 which caused a reduction in their physical consumption of foodgrains, inspite of the Public Distribution System supplies. He brought out the differences in the expected role of the Public Distribution System at the conceptual level and the actual role at the operational level. He advocated "direction approach" for protecting the Economically Vulnerable Section under

\textsuperscript{14} Harris, Barbara (1979): "Paddy and Rice Marketing in Northern Tamil Nadu" Sangam Publication, Madras.

\textsuperscript{15} Harris, Barbara (1985): "Agricultural change and the Mercantile State", CREA Publications, Madras.

\textsuperscript{16} Gupta, Arvind (1977): "Public Distribution of Foodgrains in India" Institute of Management, Ahamedabad.
which the Government will supply the entire needs of the Economically Vulnerable Sections at affordable prices. After examining the practical aspects he finally suggested a Public Distribution System coverage of 30 per cent of the rural population and 10 per cent of the urban population. He however, did not seriously study the question of Government subsidy involved in such a system.

Subbarao17 (1979) examined the economic efficiency of the paddy rice marketing system as it operated in the West Godavri district of Andhra Pradesh. This analysis of the impact of levy policies on rice acreage and rice output suggested that the procurement price had not significantly affected producers' incentives because it had been much below the open market and was also lower than the reported cost of production of paddy except during 1975-76. In another study Subbarao K (1979)18 more specifically examined the working of the producer levy scheme, the extent of levy evasion and the question whether compulsory levies (dual price system) entailed any income loss to the farmers. Since the worked out maximum of Subbarao was comfortably lower than the two earlier estimates, it was concluded that farmers got compensated for the lower procurement price through an increase


in the Open Market Price. Subbarao K (ii) (1980)\textsuperscript{19} also assessed the Public Distribution System performance in Andhra Pradesh. The study found that while nearly two-thirds of the population in Andhra Pradesh (mainly the agricultural labourers and the tribal population in chronically deficit districts) were denied access to the Public Distribution System rice, the State Government contributed sizable quantity of rice to the central pool which yielded a substantial amount of revenue from the Central Government in the form of subsidy.

The problems of the Public Distribution System of Karnataka were investigated by Rajapurohit\textsuperscript{20} (1978), The segments of the population who consumed less than the State average quantity of cereals were treated as the target group for the study. The study suggested the exchange of superior cereals like rice and wheat with coarse cereals like Jowar, ragi and bajra through open market operations and distribution of coarse grains through the Public Distribution System. For ensuring economic viability of the Public Distribution System the study suggested: (i) kind payments in all public works programmes; and (ii) introduction of credit card system by the


co-operatives "so that the cards holders may lift the grains now and pay later".

Dholakia and Khurana\textsuperscript{21} (1979) edited the IIM National Seminar Papers in a volume consisting of contributions by Economists, Management Experts, Senior Officials etc. In their concluding paper, they recommended the formulation of a National Distribution Policy. They wanted the objectives of the Public Distribution System to be broadened and the coverage increased.

George\textsuperscript{22} (1979) examined the impact of the Public Distribution System from a number of angles and perspective for the food-deficit state of Kerala. The analysis of impact of ration system in Kerala showed the following three important beneficial effects (i) improvement in the consumption levels, especially of the Economically Vulnerable Sections (ii) contribution to positive income redistribution, both among the producers and the consumers; and (iii) benefits the State Government from the Central Government transfer payments through food subsidies. His analysis indicated that the gains that accrued to Kerala were much greater than the expenditure incurred by the Central Government in terms of consumers subsidy. In a comparative analysis, rationing strategy proved superior to


direct income transfer strategy with reference to the short term objectives of increasing the consumption levels of the Economically Vulnerable Sections and effecting a positive income Redistribution from the rich to the poor. The food subsidy scheme was also found to be comparatively more cost-effective in achieving the consumption objective than a general income transfer policy. The most important among the empirical findings was the observed reduction of skewness in the food consumption levels of different income groups. However, the empirical coverage of the study was limited to just 100 households.

In his later studies, George23 (1983, 1984, 1985) compared the major results and conclusions with those of his earlier study on the Public Distribution System in Kerala and concluded that the Public Distribution System has positively contributed to the reduction of food problem through greater protection of the Economically Vulnerable Sections.

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Shubh Kumar\textsuperscript{24} (1979) also studied the impact of the Public Distribution System on the levels of food consumption and nutrition of the Economically Vulnerable Sections in Kerala. The study specifically brought out the welfare implications of the scheme. The relationship between food consumption levels and the levels of ration rice distribution revealed that ration rice contributed about 34 per cent of calories and 33 per cent of proteins in the diet. The positive correlation observed between ration rice purchase and income level remains consistent with the consumption behaviour of the Economically Vulnerable Sections and also remains consistent with the large price differential between the subsidised price and the Open Market Price of rice. This study was based on the response of 120 card holders in one District of Kerala. It examined the viability of Fair Price Shops. It also analysed the perceptions of card holders about the working of the shops. It found that the card holders wanted the Public Distribution System to become a permanent welfare mechanism along with the free market. Lastly it found the prevalence of a number of malpractices in the Fair Price Shops to counter which the cardholders suggested a system of rewards and punishments.

Vipin Garg (1980) examined the functions and the management of the Food Corporation of India for the period 1965 to 1980. The study mainly enquired whether the objectives of the Food Corporation of India could be realized up to the satisfactory extent, especially without incurring undue and high costs of operations. The costs of all the Food Corporation of India activities were found to be far in excess of those of the private traders. The study found the functioning of the Food Corporation of India highly uneconomical and unjustifiable.

Amte (1980), in his thesis turned monograph evaluated the Public Distribution System based on the findings of higher price differentials, greater degree of levy evasion, declining cereal production, and the unremunerative procurement price offered by the State Government. Amte concluded that the objective of providing inducement to greater production by the farmers was not fulfilled in Maharashtra. A strong urban bias in the Public Distribution was also observed by him; for example, Bombay City alone claimed 25 to 45 per cent of the total Public Distribution in Maharashtra. Nagpur and Pune were given preferential treatment under the Public Distribution System. The study found that burden of Government operations fall more on the poor in the rural districts than on better-off consumers in the urban areas.


important findings that emerged from the detailed analysis of the field survey data were; (i) the system of levy assessment with only area under crop and land revenue as bases as a highly faulty procedure; (ii) malpractices in the fixation of levy demand (iii) highly irrational attitudes of the Government officials; (iv) unreasonable price differences between the public procurement prices and the Open Market Prices; (v) high degree departmentalisation of trading and business activities; (vi) lack of proper propaganda and information sharing; and (vii) general indifference of the Government officials. The study also proposed an alternative model to reform the existing schemes thoroughly. Among the possible options, the middle course of partial state trading, operated through the co-operative was considered as the best policy option for translating the objectives of food policy into reality. The study worked out certain norms for viability of the Fair Price Shops System. But it made no effort to study the beneficial impact of the Public Distribution System on the consumers.

The 1981 Conference Volume of the Journal of Indian Institute of Public Administration\textsuperscript{27} dealt exhaustively with the Public Distribution System. In its theme paper Kamta Prasad made a critical evaluation of the Public Distribution System in India. After analysing the findings of the various studies, he proposed restructuring of the present system which,
according to him, should serve as a price relief agency for the Economically Weaker Sections.

The seminar volume of the Indian Institute of Public Administration\textsuperscript{28} (1987) presented a "Status Report" on the Public Distribution System in India, covering the period upto 1986-87. The papers of Bhabatosh Datta, Kamal Nayan Kabra and Anil Chandy Ittyerah and of Barbara Harris discussed the problems and issues of the Public Distribution System and offered certain alternative strategies to be adopted for achieving the maximum effectiveness of the Public Distribution System.

On the basis of select secondary data, Kurien\textsuperscript{29} (1981) examined the food situation in India with reference to the socio-economic aspects of the food problem. He found that increased under nutritional problem coexisted with a growing food output. The conflicts arising out of the differences between the objectives of the private production system and that of the Public Distribution System were examined by him. His study underlined the deplorable reality that inspite of the huge buffer stock with the Government, even the quantitative food problems could not be solved. Kurien concluded that this


only reflected the helplessness and ineffectiveness of public policy and the Public Distribution System in India.

Prabha (1982) has undertaken some studies on the procurement of paddy in Tamil Nadu. She concluded that the farmers do get fully compensated for the lower public procurement price by the increase in open market prices for their remaining supplies. She also found that the volume of public procurement was inversely related to the differential between the public procurement price and the open market price. Prabha (1983) also studied the Public Distribution System in Tamil Nadu. However, she examined only the rice distribution aspects and excluded other commodities like wheat, sugar and kerosene. She constructed two models with the primary objective of providing a given level of per capita consumption through the Public Distribution System. She recommended the target group approach.

The study by Bora (1982) analysed, in detail, the managerial and administrative issues of the Public Distribution System in Maharashtra. He

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found that the cultivators disliked the levy system but the consumers preferred the continuance of the Public Distribution System even after the food availability has greatly increased.

While discussing the question of access to food, Amartya Sen\textsuperscript{33} (1982) concentrated on the three serious conflicts encountered (or battles persistently waged) by the Economically Vulnerable Sections even during the non-famine situations. Sen remarked thus "India's so-called self sufficiency in food goes hand in hand with a quarter-perhaps a third of the rural population as persistent losers in food battles, suffering from regular hunger and systematic malnourishment. His later (1989)\textsuperscript{34} study along with Jean Dreze examined different areas of public action, different strategies to be pursued and the appropriate agents of public action. They made it very clear that public action should not be confused with State action only. Public action includes all actions undertaken by the public themselves in the socially and politically organised ways.

Through the analysis of secondary data, Poduval\textsuperscript{35} (1984) examined the functioning of the Public Distribution System in Tamilnadu. In his overall


assessment, Poduval concluded that in respect of accessibility to food or entitlement to foodgrains, the Public Distribution System supplies in Tamilnadu were highly inadequate to make any impact on the consumption levels of Public Distribution System consumers. He concluded that Tamilnadu Civil Supplies Corporation has prevented the Open Market Price from falling below the Open Market Prices. In his later work, Poduval (1986) placed the analysis of Public Distribution System within the broader and larger theme of the food economy of Tamilnadu. The impact of public intervention and the implications of various food issues for policy formulation in the state were also analysed in detail. In his 1988 study Poduval analysed the functioning of the Public Distribution System in the context of certain important issues in the Agricultural Scenario of Tamilnadu. He found that it is the landless labourers and marginal farmers who suffer most from lack of accessibility to food. According to him "public distribution has to be supplemented by programmes seeking to provide the poor with employment and incomes".

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Bhagabat Mishra\textsuperscript{38} (1985) examined the Public Distribution System in Orissa State. He found that the lower and inadequate off take, limited population coverage (67.5 per cent) and the limited influence of the public procurement in reducing the Open Market Price of rice showed that the price policy was not fully beneficial to the consumers. The study further found the Public Procurement Prices, in general, were not beneficial to the producers also. The analysis of the enforcement of various control orders and food laws in Orissa gave ample evidence that the administrative machinery lacked the required competence to run the Public Distribution System effectively. The study of Mishra concluded that the failure and shortcomings of the Public Distribution System in Orissa outweighed the gains and benefits for the consumers.

Suryanarayana\textsuperscript{39} (1985) studied in operation of Public Distribution System in Vizagapatinam District of Andhra Pradesh. His study showed that, in general, the proportion of Public Distribution System offtake declined as the income of the households increased. It found that the income elasticity of rice was low. The study also recognised the significance of estimating the consumption requirements of at least the target groups in order to protect them from the adverse effects of rise in prices and scarcity situation. It


prescribed that the projected requirements should be the minimum quantity of Public Distribution System - distribution in the State and Government should formulate the public procurement policy accordingly. The impact of rationing of consumption and income was also analysed by estimating the extent of gains realized by the selected households because of their Fair Price Shop purchase. The study finally found that the Public Distribution System gains were found to be distributed unequally in the different sampled areas and also among the different groups within a region; in particular, greater gains accrued to the urban consumers.

Bragadha (1986) examined the impact of Public Procurement of paddy and rice on various aspects of the food economy in Tamilnadu. The low level of Public Procurement, the inadequate supply of rice by the Public Distribution System and the absence of buffer stocking were the major issues of analyses carried out by Bragadha. She concluded that the Public Procurement Operations should be used with due caution and care by the Government agencies as they are powerful and influential weapons capable of hurting both the producers and the consumers of foodgrains.

Radhakrishna and Indrakant\textsuperscript{41} (1987) examined the welfare effects of market intervention policies in India through the case study of rice market in Andhra Pradesh. The model was structured to handle policy effects on the welfare levels of consumers on the gross revenue accruing to rice producers and millers. The complex interactions of a rice market containing, "a four-market, four-price system" was studied by the authors. However, since Andhra Pradesh has been a rice-surplus state, the conclusions of the study might be true and generalisable upto the level of that state only.

Ojha Ghanshyam Das\textsuperscript{42} (1987) examined the organisation and management of the Public Distribution System in the Konda district of Andhra Pradesh. Trends in the Public Procurement were examined from 1976-76 to 1980-81. The results regarding the problems such as low procurement quantum, storage and transit losses, transport problems, absence of coordination between the Food Corporation of India officials and the officials of the State Civil Supplies Department etc., largely confirmed the findings of Subbarao (1978). It explained, in detail, how the localised problems in Konda district made the procurement process almost disfunctional. The study also examined the Public Distribution System


through the perceptions, the statements of problems and the suggestions for improvement of the consumers themselves. In essence, their statements indicated that although there were a number of problems in the management and distribution of the Public Distribution System, the Government could remove them through appropriate and serious measures. For this purpose, following the case study method, 5 Fair Price Shops run by different agencies were selected for detailed study. The analysis revealed that the case studies possessed all the shortcomings contained in the data provided by the consumers themselves.

Gilbert Etienne\(^43\) (1988) examined the relationship between growth and poverty through the analyses of village survey data. He concluded that the Public Distribution System and the other Government programmes resulted in marked improvement in the living conditions of the poor in the advanced regions of the country; but in the sluggish regions owing to certain socio political and techno economic factors and processes such improvement has not taken place. The study by Gillbert Stienne confirms that the welfare intervention programmes such as the Public Distribution System when implemented along with the growth-oriented programmes of the Governments, positively contributes to the reduction in the intensity of the problems of food and poverty.

By using the secondary data from different sources, Annadurai (1988) made an assessment on the working of the Public Distribution System in Tamilnadu for the period 1950 to 1986. He found that Public Distribution System Supplies about 20 per cent of the actual consumption of rice by the public. On the basis of the analysis of secondary data, Annadurai hypothesised that the Public Distribution System in Tamilnadu has generated beneficial effects on the Public Distribution System consumers, and underlined the significance of empirical verification of the secondary data in any beneficiary-oriented public intervention programme.

The evaluation study by the Agro-Economic Research Centre (1988) of Sardar Patel University on the working of the Public Distribution System in Rajasthan is another important recent study. The chief merit of the study is its set of suggestions and recommendation for strengthening and streamlining the Public Distribution System in Rajasthan.

Wendy Olsen (1989) made a critical assessment of the Two Rupee-a-Kilo Rice Scheme functioning in Andhra Pradesh from 1983. While


doubting the bearing capacity of the State Government of the heavy burden of rice subsidy, Olesen concluded that the new scheme, although it directly supported the poor, could not eradicate poverty substantially as it leaves the basic economic structure of the State undisturbed and unchanged.

Tyagi (1990) examined the problems of management of the Food Economy with special reference to the Public Distribution System. He found that the positive aspects of the management were high output growth, prevention of famines, and increase in the physical and economic access to food. However, he found that the per capita distribution of foodgrains in different States did not correspond to the below-the-poverty line population. An interesting finding was that, either owing to smaller quantities of Public Distribution System distribution or owing to greater differences between the open market prices and Public Distribution System prices or both, the Public Distribution System has made the consumers worse off - they had to pay a higher average price than what they would have paid in the absence of a dual market system! He found that, without Government subsidies, in Public Distribution System prices would be much higher than the open market prices. He advocated targetisation of the Public Distribution System beneficiaries, removal of the public distrust of the private trade, maintenance of 40 per cent of the buffer stock in the form of foreign exchange reserves etc.

Ittyerah and Kabra\(^48\) (1990) analysed the utilisation of and access to the Public Distribution System in India. They found the utilisation index for rice was very low and that for sugar very high. According to them about 80 per cent of the sample households were generally satisfied with the Public Distribution System while 20 per cent were not.

Singh, V.K.\(^49\) (1991) studied the Public Distribution System in Bihar. He found a number of serious deficiencies in the system. He prescribed a package of measures to improve the working of the system. He emphasised the important contribution of the Public Distribution System towards poverty alleviation in rural areas.

Venugopal K.R.\(^50\) (1992) found that, in spite of record food production, there is iniquitous distribution of foodgrains among the population. He discovered that some States which did not produce enough foodgrains had a far better record of providing food for the poor than certain states which had surplus. He also found that the rural poor have not been benefitted to any significant extent by the present Public Distribution System. He stressed the need to involve the community in food management. Finally he proposed an


alternative Public Distribution System more in favour of the poor by dovetailing the Rural Development and Rural Employment Programme while at the same time ensuring availability (though not at lower prices) for the urban non-poor.

Nawani N.P.⁵¹ (1995) examined the Public Distribution System in India and found that it cannot be sustained at increasingly higher costs in its present form. He strongly advocated targeting of the beneficiaries by excluding many categories of current cardholders. He gave suggestions for a more rational allocation of foodgrains by the Government of India to various States. Finally he suggested that the Central issue price should be linked to the inflation rate, but in order to play a price stabilisation role, it should be increased every year by a certain percentage rate which is less than the inflation rate.

From the above survey it is clear that though there are a large number of studies available on the Indian Public Distribution System, studies relating to Tamilnadu are very few in number. They are also dated. Even these studies concentrate more on production and procurement aspects of rice in the Public Distribution System. One case which attempted a study of the distribution aspects, related to Madras city only (Unpublished). A study of the

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distribution aspects of the system covering the whole state does not seem to have been made so far.

A bibliography of books and articles consulted during the course of this research may be found at the end of this report.